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Opposing Views on Restitution Presented

Introduction

92BA0180A Sofia IKONOMIKA in Bulgarian Oct 91
pp 26-27

[Unattributed introduction: "Restitution"]

[Text] The impending privatization, so to speak, diverts society's attention from the other no less important question involving property—restitution. Diverts but does not decide. The argument of the former owners (or their heirs) in support of restitution are that once the new Constitution recognizes present and future private property as inviolable, from a legal and moral viewpoint it is fair that private property taken away by prescriptive acts of the state in 1947 should be rehabilitated. Two opinions presented in this issue are devoted to the questions whether this is necessary and possible and how and when it will take place, and to other questions involving the legal and economic consequences.

Ilko Eskenazi

92BA0180B Sofia IKONOMIKA in Bulgarian Oct 91
p 26

[Article by Ilko Eskenazi, jurist]

[Text] Restitution must correct an obvious wrong of more than 40 years' standing. And, until this is done, we have no moral right to look at the future. Hence, restitution is not simply necessary but also unavoidable because only through it is it possible to "clear up" a problem more legal than economic.

In my opinion, by restitution must be meant restoration of citizens' property taken away by the state. I emphasize that, in this instance, I do not have in mind so-called privatization bonds inasmuch as these are no longer restitution but a form of compensation, and a totally different law would have to be adopted for compensation of the former owners.

There is no doubt that properties taken under the law on expropriation of large-scale improved real estate should be restitutionable. Most generally, the law included urban real estate—apartments, small stores, small workshops, warehouses, and so forth. That the "revolutionary" legislation and regime applied it very expansively is a separate question. Country houses, playing fields, and so forth were expropriated as improved urban real estate.

Serious controversies were provoked over the question of properties taken under the Law on Nationalization of Industrial Enterprises and under the regulatory laws on the State Tobacco and Liquor Monopoly. Not only large-scale cigarette factories, but also wineries, warehouses, garages, and so forth were nationalized. That is to say, in a "revolutionary" manner skirting the law, properties were confiscated that had nothing to do with the liquor and tobacco monopoly.

What are the arguments supporting restitution? First, for justice to be restored. If it is acknowledged that these properties were confiscated by the state unjustly, contrary to the universally accepted principles of law, then they must be returned to the owners or their heirs. It seems to me that considerations of economic efficiency (which economists emphasize chiefly) should not be ranked above the considerations of justice recognized worldwide. Second, very often the expropriation was illegal because no compensations were paid to the owners. Of course, from a legal viewpoint, it can be pointed out that the valid period for compensations has expired, but at once the fundamental question arises whether under those conditions the people could have brought suit when they were being persecuted or sent off to camps.

Restitution cannot include all properties because some of them—apartments, for example—have passed into private hands. They have been sold two, three, or four times, and here, obviously, justice must be sacrificed to the security of the citizens who have acquired it. True, very often the apartments were made available for purchase by people favored by the regime. However, I, personally, am skeptically inclined toward the investigation of every specific case. In this regard, the former owners must take a realistic position and understand that restitution cannot turn into a national investigation of the sales of expropriated properties. Instead, an idea I would suggest is that consideration be given to restitution, even if not of the same property, of an equivalent property in another location.

If, however, restitution is not adopted, an extremely harmful fundamental precedent will be established. The new Constitution firmly establishes the inviolability of new property accumulated during the past 40 years and of property that will be accumulated in the future. But, regarding the property most outrageously taken away, let me say only: We regret it very much, but the law is not retroactive. While recognizing all the rights of present and future ownership, we must (insofar as is possible) restore the property rights of the former owners.

It is first and foremost the economists who take a stand against restitution. Their main argument is that it would hamper privatization. In the opinion of the economic commission, the main goal now is enhancement of the national economy's economic efficiency. Restitutionable first and foremost, however, are apartments, stores, workshops, warehousing facilities, and so forth. Is this the Bulgarian economy? The restitutionable property can adversely affect neither economic reform nor efficiency. In some measure, this problem exists for the nationalized industrial enterprises. But then it has to be assumed that the enterprises existing in 1946 today represent the backbone of the Bulgarian economy. This, however, makes nonsense of the assertion that the economy was built after the Ninth of September "victory."

Let's take a look at the problem from a practical perspective. Which enterprises should be privatized first of all? In my opinion, first and foremost those built by the state—and in the last 20 years, at that—that are failing and must be restructured as soon as possible. Consequently, with the nationalized enterprises excluded, there is enough to be privatized in the next 10 years, and restitution could not hamper privatization. On the other hand, there are few enterprises that have thus far been preserved from confiscation in unchanged form. For them, in my opinion, there exist no barriers to their being returned to their former owners. Wherever the property has been modernized manyfold, the former owner's portion, with which he can become a shareholder, is determined in the privatization framework. Most delicate is the problem of properties that either no longer exist or have passed into private hands. In these cases, one of two compensation methods must be used. The first is, if the possibilities exist, to grant equivalent property. In such event, it is not a matter so much of restitution as it is of a transformation of property. Many former owners would agree to accept a property of lesser value, but real property rather than receive money that will dwindle to nothing with inflation. The second method is to issue privatization bonds, with which the former owner will participate in the privatization. In this event, however, an obvious injustice emerges. If the privatization bonds represent 30-40 percent of the property's value, but the owner wants to get back, say, his store, he will have to pay not an additional 60-70 percent but, possibly, 200-300 percent because its market price will be many times higher.

In my opinion, there exists a mechanism for just restitution if two principles are taken into account: respect for the right of ownership and protection of third persons who acquired the property in good faith.

Stefan Stoilov

*92BA0180C Sofia IKONOMIKA in Bulgarian Oct 91
p 27*

[Article by Stefan Stoilov, economist]

[Text] It may seem strange at first glance, but, despite all the talk about the taking down of walls and change in the system, the government has taken no categorical position of actively supporting the Commission on Economic Policy to expedite the adoption of a law on privatization. The facts attest that the so-called government bloc has preferred partial solutions through legislative correction of the previous normative system. Only the Grant National Assembly's economic commission has given thought to serious preparation for privatization. There is a draft bill, not seriously challenged by anyone, that has been ready for five months, but it is being held up by the Legislative Commission and cannot "get moving" in the plenary chamber.

Meanwhile, in society the question placed in the forefront is the property nationalized or expropriated after

24 December 1947 and the restoration of the former owners' property. Attempts are being made to replace the discussions of this question with the major topic of privatization and allied radical changes in property structures. There are obvious manipulations of public opinion that, if they succeed, can create significant obstacles to effective implementation of reforms in property relations. This will inevitably affect the comprehensiveness, scale, and tempos of overall economic reform.

Considerations of principle as well as concrete pragmatic considerations make it imperative that the solution of the questions of nationalized and expropriated property should be consistent with the interests of economic reform. It is precisely the restitution, desired by certain circles, of property converted into state property on the basis of laws and decrees after 24 December 1947 that is an unacceptable solution from this viewpoint.

The past 14 years have been a path strewn with minuses and pluses. The overcoming of certain injustices must not change into a policy directed toward restoration of the old state of affairs, including therein property. With privatization, we must look forward to the creation of modern and dynamic property structures as the foundation for building a social market economy. Restitution, as well as full compensation, will serve the interests of a small social group, but they would not work for reform economically and socially.

A radical expression of this position is represented by the French planning minister, Lionel Stoleru, expressed in a meeting with the Economic Commission: "I don't know whether this is possible, from a political viewpoint, but the question of former ownership has to be forgotten.... Don't complicate matters." This appraisal merits all the more attention in view of the speaker's neutrality toward our problems.

Obviously, it is socially and politically impossible at present in our country to come to such a radical decision. Just as in all other areas, in this one, too, the questions are highly politicized. The lasting social and economic consequences are disregarded. Certain political forces are trying to persuade the nation that the point at issue is the claims not of a small social group but of broad sections of the population. The truth is that the vast majority of the people have a negative attitude towards restitution. They consider themselves to be deprived of a great part of the property rightfully owing to them as its creators.

It is precisely the striving to take into account the sociopolitical conditions, the interests of the economy, and the impending privatization that dictates the formula for solution of the problem incorporated in the draft bill on privatization—namely, the owners of property nationalized or expropriated after 24 December 1947 are to receive, in a specified amount, compensation from the updated price of the expropriated property. In the proposed solution, there is no element of Bulgarian inventiveness. Deserving of exceptional attention in this

connection is the understanding of the Council on Cooperation and International Organization of former heads of states and governments (let me mention the names of H. Schmidt, V. Giscard d'Estaing, T. Fukuda, P. Trudeau, J. Callahan, J. Chaban-Delmas, M. de la Madrid), expressed in the final declaration of the Ninth Session of the Council in Prague: "The Council on Cooperation believes that obstacles to privatization are created in those countries of Central and Eastern Europe where it is preferred to return property confiscated at some time from its owners rather than pay indemnifications. In the future, this may hamper the process even more."

And, thus, in a poor society that is in the process of reform, partial indemnification for expropriated property is depicted as the solely realistic policy. Lest this solution become a source of additional inflationary stimuli in the existing inflationary situation, indemnification should be effected with earmarked, registered-owner investment bonds, issued by the Bulgarian

National Bank and used only for the purchase of privatized enterprises or stock or part interests therein. The draft bill on privatization provides that the annual volume of bonds, issued for this purpose, should not exceed 25 percent of the annual receipts from privatization. Establishment of the ratio between the dynamics of the privatization and the indemnification processes has been borrowed from Poland's experience in determining the measure of this ratio.

The several elements, here depicted, of the solution proposed by the economic council have indisputable advantages. The solution is simplified and works with various methods of indemnification, and the criterion is the same. In economics, simple solutions work well. Absolutely no obstacles to privatization are created—a mechanism is provided that generates a personal interest in accelerating the processes insofar as the absolute amounts of the investment bonds issued for indemnification of the former owners are dependent thereon. All of this does not mean that some more flexible solution of the questions involving expropriated housing units and economic premises cannot be sought.

Kucerak on Common State, Slovak Economy*92CH0227A Prague REPORTER in Czech 18 Dec 91
pp 10-11*

[Interview with Jozef Kucerak, former chairman of Civic Democratic Union-Public Against Violence, by Ladislav Henek and Lukas Marvan; place and date not given: "Slovakia Is Not Just Bratislava"]

[Text] [REPORTER] How do you look on the current development of the economy in the CSFR and specifically in Slovakia?

[Kucerak] Two years ago I did not imagine that it would be any better than it is. Anyone who has concerned himself with the economy at all in the last few years must know that correcting the errors of the socialist method of managing the economy will not be at all easy and that it will be accompanied by a decrease in the volume of production, inflation, and unemployment. It does not surprise me at all. I am struck rather by the tendency to consider the current situation as the result of the reforms and not due to the previous 40 years. As is well known, there is a whole group of people with such opinions on the left.

As far as Slovakia is concerned, there has always been a difference between the Czech and the Slovak economies. It is a historic fact resulting from better conditions in the CR [Czech Republic]. And this difference remains today to a certain degree even despite a tendency toward equalization. The impact of the reforms in Slovakia cannot be more favorable than in the economy which is at a higher level. Not a single economist has yet pointed out the fact that economies have their own historical development and it is not a simple matter to make them deviate from it. It is very improbable that prosperity will jump more than a few points at once. All economies develop, but the differences between them disappear very slowly.

[REPORTER] Is not one of the reasons for the Slovak difficulties the too rapid reassignment of authority?

[Kucerak] The main reason for them is that in Slovakia the negative system of the socialist economy was more fully applied. According to socialist criteria, the Slovak economy was prospering. One could say that it was making a profit. Under market conditions, however, these advantages changed to disadvantages. It is possible that the change in authority also played a certain role in the matter. I must admit that I expected that cooperation between the republics and the federation would develop at the same time that there was a change in authority. This authority began to be understood, however, as a step toward isolating the economies. Certain political forces are trying to make the economy a tool for furthering nationalistic interests.

It is true that some problems caused by a unified economy can best be solved by having a unified economy again. This concerns mainly conversion. However, in the

redistribution of authority I assumed that it would be flexible. This means that in case of need it is possible to transfer a certain authority to the federal level.... On the other hand, we could not be satisfied with what the earlier method of management left us. Unfortunately, certain political parties wanted to interpret this process as the dissolution of the federation.

[REPORTER] Can you say which parties? In the interview for SMENA about a month ago you said that many of today's political figures are not as concerned about the sovereignty of the republics and the citizenry as they are about independent administrative power....

[Kucerak] Today one can simply openly say that our coalition partner the KDH [Christian Democratic Movement] has such a tendency toward unilateral assumption of authority from the federal level. We always started with the idea that they were concerned with preserving a joint state and the creation of a federation on the basis of equality of the republics. All the developments so far, however, point to the fact that the KDH is only creating the impression that it wants to negotiate about a joint state. Its demands on the Czechs contradict the principle of federation. While the KDH at times in negotiations expresses certain ideas about a joint state, after a few days or weeks it is again thrown into doubt. The attempt to push for an independent Slovakia is relatively clear from the attitudes of the KDH. The demands for an independent emissions policy, an independent budgetary policy, and the formation of a customs union clearly are pointed at breaking up the federation. A few days ago the "economic community" of the KDH, which obviously includes Messrs. Oberhauser, Klepac, and Tkac, published a statement on the economic situation in Slovakia in which they demand that Slovak authority should include at least, and I emphasize at least, the questions of taxes, budget, foreign trade policies, and emissions policies. If this is the minimum demands, with what further demands will they surprise us in a few days? There remains only the demand for their own army or some kind of home guard. Why do they not just go ahead and say clearly and plainly that they want an independent Slovakia?

[REPORTER] Have the conflicts between the ODU-VPN [Civic Democratic Union-Public Against Violence] not reached the point which they make the work of a coalition government impossible?

[Kucerak] The fact is that under normal circumstances where there was a broad spectrum of political forces in Slovakia this coalition would have long since broken up. We are rather maintaining coalition agreements, not a coalition. A coalition of the HZDS [Movement for a Democratic Slovakia], the SNS [Slovak National Party], and the SDL [Party of the Democratic Left] could currently threaten the KDH's prestige and even existence. I feel, however, that they are waiting for a suitable moment. By the way, lately there has been talk about closer contacts being established between the KDH and the HZDS. Supposedly they have reached an agreement

on the questions of premature elections. It seems that the policies of the ODU-VPN, MNI [Independent Hungarian Initiative], and the DS [Democratic Party] which promulgate radical social and economic changes within the federal arrangement of the state are becoming uncomfortable for the KDH. The problems come up mainly in connection with the declaration of our "12 brave men" in the Slovak government. It is obviously because of it that preparations are being made to attempt a recall of some of our ministers, particularly minister Miklos, as representatives of the radical changes in the area of property ownership. If the KDH representatives are part of the recall effort, we would have to consider whether they can continue as part of the government.

[REPORTER] Here the question comes up as to what chance there actually is to maintain a joint state?

[Kucerak] It is true that some parliamentary parties and movements have departed from their original platforms and are attempting to implement their ideas about a state legal arrangement without regard for public opinion. Our party therefore insists on the constitutionality of decisions made as to the fate of the federation. I am convinced that if a referendum were held now in Slovakia a majority of the citizens would vote to keep the joint state. The support of the parties is not the same thing as support of the federation. There are even proponents of the joint state in the representatives of the HZDS.

[REPORTER] In your opinion, how great is the danger of a growth in extremism?

[Kucerak] Stefan Zweig said that no people has a natural inclination toward aggression, bloodthirstiness, and extremism. Excitation of the people into a passion is the responsibility of those who put out the idea of "one truth." Slovakia has had luck in that there are too many irresponsible politicians here that in an indirect manner work up certain passions. Whether it is intentionally or carelessly done, the results are the same. Democracy has not existed in Slovakia very long and now there is a tendency here to interpret it as the opposite of totalitarianism. Some manifestations of extreme views thus border on violations of the principles of civic coexistence.

[REPORTER] How do you see the initial development of the Czech and Slovak economies after dissolution of the federation, should it occur?

[Kucerak] The breakup would affect both economies negatively, but it would have worse consequences for Slovakia. It would have to resolve some concrete problems immediately after it was established. The first of these would be the exchange rate for the koruna. The export capabilities of the Slovak enterprises are lower, so there would have to be some devaluation in relation to Western currencies. In my opinion, the dollar would not be worth some 28 Czechoslovak korunas, but about 40 Slovak korunas. This first step would immediately lead to an increase in inflation. After the connections between

the Czech lands and Slovakia were broken and the adjustment took place in the rate of exchange for korunas, the Czech enterprises would have to give very careful thought as to whether it would be advantageous for them to import from Slovakia or from other countries. Many Slovak enterprises would thus lose their market for their goods. I will not speak of any further steps. A joint economy makes sense because it utilizes the advantages of an integrated whole. I do not want to say that Slovakia would not overcome these problems after a certain time, but I do not know whether the division of the state would be worth such a sacrifice.

[REPORTER] There is talk that separation would mean that Slovakia would return to the earlier method of control. How is it that the politicians are not conscious of the danger of a threat to democracy?

[Kucerak] The desire for power and fulfilling the politicians' ambitions is often stronger than the feeling of responsibility.

[REPORTER] In your opinion, what chance does a unified rightwing grouping have in Slovakia? Besides the ODU-VPN, the Democratic Party, and the MNI, there are a number of smaller rightwing parties....

[Kucerak] The ODU-VPN, DS, MNI, and KAN [Club of Nonaligned Activists] form a certain bloc which could be the guarantee of a democratic orientation in Slovakia. Several small parties have also come into being here, but we still cannot form any official contacts with them because they have not yet fully formed their platforms. However, it would be expedient to form a stronger preelection union of the democratic right wing. This bloc could cooperate closely with the right wing in Bohemia, for example, with the ODS [Civic Democratic Party], the ODA [Civic Democratic Alliance], the KDS [Christian Democratic Party], or the LDS [Liberal Democratic Party].

[REPORTER] There is, however, likewise talk about the ODU-VPN in connection with a definite foggiess of their program, unclear attitudes, and a certain accentuation of the nationalist position which is supposedly very dangerous in the current situation....

[Kucerak] It is not a foggiess of the program, but a foggiess in the attitudes of part of the representatives of our party. For example, at times I can no longer understand my colleague Frantisek Miklosek, whose positions are by too great a degree based on the nationalist principle. It seems to me that they lose track of the idea of citizenship and cease to be in keeping with our program. We should work this out.

[REPORTER] What is your opinion on a change to the election law?

[Kucerak] I assume that we will support a combination of the majority system with a system of proportional representation. This combination is suitable under our conditions for both the representation of the broad

spectrum of democratic forces and for the capability of putting forward persons with the more responsible policies within the parliament.

[REPORTER] How do you see the chances for the ODU-VPN in the approaching elections?

[Kucerak] One should not judge Slovakia just by Bratislava. It is obvious that there is a certain feeling that Bratislava is the center in a negative sense of the word as well. Our policies in relation to the elections should use this as a starting point as well.

Pithart Rejects Nationalism, Favors Patriotism

92CH0179A Berlin DIE TAGESZEITUNG in German
25 Nov 91 p 12

[Interview with Petr Pithart, prime minister of the Czech Republic, by Sabine Herre in Prague; date not given: "Patriotism Needs No Enemy"—first paragraph is DIE TAGESZEITUNG introduction]

[Text] Petr Pithart has been prime minister of the Czech Republic since 1990. Born in 1941, attorney Pithart was a member of the Communist Party of Czechoslovakia from 1960 to 1968. In 1977, he signed the "Charta 77." He is the author of numerous works on the history and politics of Czechoslovakia.

[Herre] In Yugoslavia, the Soviet Union, and also in Slovakia, Europe is experiencing an unexpected phase of "national rebirth." The Czech Republic seems to be the sole exception here. Is there no Czech nationalism?

[Pithart] The Czechs have already exhausted their rage. Some 100 to 140 years ago, they were showing a similar national enthusiasm as the Slovaks are doing now. However, because the political dreams and visions of the Czechs were twice unexpectedly fulfilled during this century, there is no more Czech nationalism today. This occurred the first time in 1918 on the occasion of the establishment of Czechoslovakia. No one expected that the republic could come into being within the overly generous borders which were set for it at that time. The second time this occurred, and this had more serious consequences, was in 1945 on the occasion of the expatriation of the Sudeten Germans. This made our population more homogeneous and satisfied the secret hatred of many of our citizens.

If it were not for the present disagreements with the Slovaks, we would frequently not even know that we are one nation. However, I think that this is not all that tragic. In addition to nationalism, there is a whole series of additional steps indicating loyalty to one's own country. Such things as love of one's native land, patriotism. Everything which I have written has as its goal the resurrection of this loyalty. This begins by the need to establish a relationship with the places where one lives, with the villages, the communities, the regions. In the final analysis, this loyalty should extend over the entire country. But: Every effort to create this relationship in a

hurry is very dangerous because it leads directly to nationalism and chauvinism. A person without roots becomes a nationalist much more rapidly than one who has a home.

[Herre] In other words, would you like to replace nationalism with patriotism?

[Pithart] Patriotism is a cultivated form of loyalty toward one's own land. A form that does not need any enemies. Unlike nationalism. Patriotism is sufficient unto itself. It encompasses love for one's closer home environment as well as for the entire country. One aspect alone is not sufficient.

[Herre] In reading your political and historical essays, however, I receive the impression that you are absolutely critical of your home and of the Czech population.

[Pithart] Much like parents who love their children, yet are strict with them, the love toward the nation must be borne by criticism and self-criticism. Complacency would lead to forgiving everything. Even Masaryk (the first president of Czechoslovakia) was very strict toward the Czech nation; he told it terrible truths. Nevertheless, he was a convinced Czech. But at the same time, he was also a Czechoslovakist—a European.

[Herre] Is not another reason for the absence of Czech nationalism the fact that it was replaced by "Czechoslovakism"?

[Pithart] Originally, Czechoslovakism was an artificial construct put together by Masaryk. He knew that in the newly established Czechoslovakia, with its many nationalities, there would have to be a "majority nation." Yet Masaryk was surely interested in more than in this purely administrative union. The Czechoslovak nation could, thus, also be understood to be a political nation. A nation which emphasizes the "popular principle," that which transcends the "purely Czech" or "purely Slovak." But this was a utopian vision. Even today we are not capable of accomplishing this type of "Czechoslovakism." The mistake lay in the stubbornness with which Czech politicians attempted to force Czechoslovakism upon the Slovaks until the last moment—until the end of the republic in 1938.

Today, there is a totally unreflected arrogant Czechoslovakism. Without understanding how it affects the partner—the Slovaks. The Czechs say, "I feel myself to be a Slovak," but they do not ask how the Slovaks feel. Slovakia did not belong to Bohemia and Moravia for 1,000 years; the Slovaks lived in another state, in another culture. There is no identity to be found here. For us Czechs to accomplish an "anschluss" [annexation] is impossible.

[Herre] In the current discussion about the future of the Czechoslovak federation, the question whether its republics should be established on the "civic" principle or on the "national" principle plays a great role. Slovak Prime Minister Jan Carnogursky emphasizes the significance of

the nation. At the same time, however, he feels that it is possible to bring both principles into accord with one another. You, on the other hand, primarily see the differences.

[Pithart] Indeed, the differences need not be dramatic. However, what is involved here is a sequence of values. If we speak of the popular principle, this does not mean that we are negating the national principle. But the popular principle must always be put ahead of the national principle. Otherwise, unsolvable traditionally Central European problems will arise. I do not understand why Mr. Carnogursky claims that this conflict does not exist. If that were the case, then we could have long since agreed on a federal constitution for the CSFR. In my opinion, this is the only possibility for a constitutional arrangement in Central Europe. Slovakia, however, is rejecting a third or fourth federal state, because, in such a case, that state can no longer be constituted on a national principle. There is no third nation in the CSFR. Moravia and Silesia—these are ethnic areas. The fact that Slovakia is rejecting the federal state solution, although not constituting direct proof, is, for me, an indication that the national principle is being put in first place there.

[Herre] What will be decisive, however, is whether a federation of republics in which each emphasizes "its own" principle is possible?

[Pithart] I can only visualize such a federation with difficulty. Particularly in the event that this federation, as is the case in Czechoslovakia, is basically made up of two entities. For example, this would mean that the parliamentary deputies of one nation would not be allowed to outvote those of the other. If you wish to realize this principle without restriction, then parliament is blocked.

[Herre] Your government is attempting to revitalize the regions around the borders of Germany, Poland, and Austria. Do you see the future of Europe as a Europe of regions or of nations?

[Pithart] I believe that it will be a Europe of regions and I also hope that this will be the case. These border regions are particularly interesting. In a society which is composed of various races, various nationalities, the results of their cultural and economic actions will always be better. A good example of this is the city of Prague, which was once a city with three cultures: the German, the Jewish, and the Czech. Or also the city of Kosice in eastern Slovakia—a cosmopolitan city. That is why there is so much tolerance there, so much rejection of nationalism. The development of a feeling of belonging together in the border regions is also important, however, because it is precisely there, along the border, where conflicts and wars have always begun.

Of course, I do not really believe that the region is a replacement for the nation. But what is important is that the bloody seriousness connected with the concept of "nation" be overcome. That the relationship with the

nation become one of many values. That it become one opportunity for us to understand ourselves. One—not the most important one. By means of the regions the national principle will be relativized. And then, perhaps, Europe will finally become a continent of peace. Europe is multifaceted. A homogenization of Europe means the loss of Europe.

ODA's Kroupa Sums Up Current Negotiations

92CH0217A Prague REPORTER in Czech 4 Dec 91
p 2

[Summary of comments by Daniel Kroupa, deputy chairman of Civic Democratic Alliance, in an interview conducted by Viktor Vitek; place and date not given: "We Are Still the Czechoslovak Republic!"]

[Text] Negotiations between the Czech and Slovak representatives had to break down, because most of the representatives from the Slovak side had no interest whatsoever in reaching an agreement. Bratislava simply wants an independent Slovak state. The recently concluded negotiations between the Czech and Slovak political representatives were motivated by the effort of the Czech side to accommodate the demand of the Christian Democratic Movement [KDH] to have the new concept of the federation based on a mutual state treaty or agreement between the two sides. However, the Czech and the Slovak Republics are not two independent, internationally recognized states, and any such agreement would be in contradiction to the existing constitutional order. A course of action conforming to the demands of the KDH would mean that the Federal Assembly would turn over this power to the national councils. Such course of action would be a serious breach of the election law. Deputies elected to the national councils were never empowered by the voters to make decisions on federation matters.

I believe that it is necessary to reject most emphatically the efforts of separatists of all shades. It is necessary to name and reveal separatist programs in all political parties, whether they announce them openly or covertly. It must be said out loud that it is not possible to come to any agreement with those forces. It is unthinkable to me that the Czechoslovak state would work for its own demise!

If the separatists want to achieve an independent Slovakia, they must proceed only by way of a referendum, or stage a coup d'etat. But the separatists obviously are afraid of the responsibility that they would have to bear for that independent state of theirs. They are afraid of the risks of independence and also that they would not succeed in gaining international recognition for the Slovak state. I see no reason to make the separatists' work easier.

Most of the public realizes that a new state setup of Czechoslovakia already exists. What else but an article of the constitution is last year's clearly formulated resolution of the Federal Assembly on the powers of the

republics and the federation. Certainly, this law is not perfect and can be improved. But basically we can say that the federation in the form established by the law on powers is functioning. The Federal Assembly also de facto passed other key articles of the new constitution of our state—the Charter of Rights and Freedoms, law on the judiciary and the constitutional court, law on the referendum. What remains to be done is to adopt the chapter on the relationship of the legislative and executive powers, and that would complete the draft of the CSFR Constitution.... It would therefore be highly unfortunate if the Slovak National Council were to pass a resolution on sovereignty or the draft of a “full constitution”. That would be a breach of the valid CSFR Constitution, and the Slovak political representation would thus find itself on illegal grounds. Its action would harm everybody, but most of all the Slovak side. The laws of the state, to be sure, are valid independently of whether they are sanctioned or not. Everybody who breaks them is taking on the risk of being punished later on.

The point of the just concluded negotiations of the two republics was not a search for the best functioning federation at all, and that must be stated quite clearly. Part of the political representation in Slovakia, but also in the Czech lands, actually make the demise of the federation and an independent Slovak state their aim. The separatists are active not only in the parties which are openly declaring the independence of the Slovak state, but also in parties which, whether because they do not have the courage, or because of tactical reasons, virtuously conceal this goal behind code words—for example, confederation. Others again speak about the coexistence of two nations. Do they have in mind as an example the coexistence of Czechs and Germans over the past several centuries? The burden of proof whether an independent state has the support of the public must therefore be only on the separatists.

Unfortunately, during the course of the past year a considerable part of the Czech political representation as well as the public has taken up the views of the separatists. I often hear this remark even from my friends: Does it actually make any sense to forcibly keep this pastiche together? The justifiably angered Czech public should turn against the Bratislava as well as the Prague separatists, and not against the Slovaks, the great majority of whom still supports a common state.

The federal forces are still only forming in this crisis. The transformation of the Public Against Violence movement into the political party Civic Democratic Union [ODU] strengthens the federal profile of this grouping, and a similar position is also taken by the Democratic Party. Few people know about the existence of the profederal wing of the KDH, which, however, does not have for the moment the courage to make public political statements. I believe that it is only a matter of time before the profederal forces also gain the support of the public in Slovakia.

For the past two years, the majority of the media in Slovakia has been systematically promoting exclusively the separatist tendencies. It is terrible to witness how the Czech profederal party is losing its allies in Slovakia, and merely remains silent when the separatist forces push it out of public life, defame and oppress it. I am convinced, however, that the federal forces will find enough courage to defend the interests of the common state.

Results of ODS November Congress Evaluated

92CH0217B Prague REPORTER in Czech 11 Dec 91
pp 10-11

[Article by Martin Mrnka: “Civic Democratic Party on the Road to Power”]

[Text] Civic Democratic Party [ODS] Headquarters: Prague 1, Snemovni 3. Publication: SOBOTNI TELEGRAF. One of the parties in the governing coalition. At present has one seat in the federal government and five seats in the Czech government. Established by a special republicwide congress of the Civic Forum on 23 February 1991 from the so-called Klaus wing. During 20-21 April 1991 the founding congress of ODS took place in Olomouc. The bylaws and the ODS program, called “Road to Prosperity” were approved there, and Vaclav Klaus was elected party chairman. Whereas in April of this year it had about 10,000 members, at present it has more than twice that; it has 803 local associations.

During the second to last November weekend, after the conclusion of the first regular congress of the Civic Democratic Party in Pilsen, Vaclav Klaus felt a slight discomfort and had to be placed on a makeshift bed. This information, which was published on 25 November by RUDE PRAVO, among others, was strongly denied by Vaclav Klaus in MLADA FRONTA DNES the very next day.

Vaclav Klaus had to have a very good reason to request his own interview on this subject, which appeared on the first page of the most widely distributed daily in the CSFR. The more so, since two days later RUDE PRAVO confirmed its original information with reference to its source, one of the main organizers of the Pilsen congress. The image of the most elegant of our politicians obviously must not be harmed. It so happens that even after its first regular congress, the ODS stands or falls to a considerable degree with its chairman, his unwavering energy and dynamism.

Regardless of whether Vaclav Klaus really became agitated and subsequently fell ill following the ODS parley in Pilsen, the proceedings during the congress obviously were not the cause.

Number One in Central Europe

Whereas the founding congress of the Civic Democratic Party in Olomouc in April was marked by militant anticommunism and radicalism of district managers, the Pilsen proceedings were conducted in a calm, rational

spirit. The consolidation of the party was indicated not only by the somewhat Hollywood-style performance of 12 majorettes and the ties and jackets of the delegates, which replaced the revolutionary Olomouc sweaters, but also by the tone of the 20-minute speech by Vaclav Klaus.

After a somewhat less than modest opening, in which he did not forget to mention that the very same morning several hundred businessmen from the World Economic Forum applauded his words when he called ODS the main guarantor of Czechoslovakia's transformation into a democratic state with a market economy, Vaclav Klaus characterized his party as the "party that is the strongest and has the best long-range outlook in all of postcommunist Europe" and "actually the only one of these parties that has such a visible and strong support of the public in its own country."

This sentence, uttered with full justification, of course signifies, above all, the success of the minister of finance himself. Vaclav Klaus obviously carefully evaluated the defeats and failures of his Polish colleague Balcerowicz, whose greatest problem as minister of finance and "father" of the Polish economic reform was precisely the insufficient support of the political forces and the public.

Thanks to his charm, intelligence, and ability to use the media, as well as to his political skill, Vaclav Klaus succeeded in avoiding such a handicap. He came to understand at the right time the prospects of the Civic Forum, as well as the radicalization and shift to the right of its membership base, and he conjured up out of the dying movement a modern party with a capacity to act, whose one of a few weak points is the fact that the luster and popularity of its chairman is paradoxically beginning to be an obstacle to its future political goals.

Search for Personalities

In the eyes of the public, which according to the preelection polls of public opinion gives ODS 20 percent of its votes, the party is still personified exclusively by the minister of finance and the deputy prime minister. Therefore in order to succeed in the elections it obviously also needs enough of other personalities, and Vaclav Klaus, although he does not very much like to see other strong personalities next to himself, obviously understood this reality.

That may be the reason why, at the very least until the elections, the number of the party's deputy chairmen was increased; among will be, besides the present Petr Cermak and Miroslav Macek, also the more radically inclined Federal Assembly deputy from Southern Moravia, Jiri Kovar, and Klaus' old, already prerevolutionary fellow traveller, Dr. Josef Zieleniec, as a representative of the moderate wing.

The same arguments, as in the case of the increased number of deputy chairmen, obviously were behind the quick move by the ODS leadership against the radically anticommunist wing, whose remainder again raised its

voice and whose views also caused the only public arguments during the congress. It seems that some delegates proposed that former CPCZ [Communist Party of Czechoslovakia] members not be allowed to run on the ODS ballot in the 1992 elections. That, of course, would mean that ODS would lose personalities such as Jan Strasky and Karel Dyba in the Czech government, and on the federal level the Deputy Minister of Finance Ivan Kocarnik, on whose shoulders the responsibilities of that office lie the heaviest. And it is said that they—as was heard even outside the conference room—are more important for the party than all the radicals put together.

The radical wing, represented by some delegates from the districts, thus suffered a defeat which could not be blunted even by the adoption of the proposal by Prague Mayor Milan Kondr, that those to whom the so-called vetting law applies do not have a chance in the elections. Vaclav Klaus himself remarked on this point at the closing press conference that "those who watched the shift between the Olomouc congress to the present one must have noticed that this wing now has a smaller minority than it had at that time."

Klaus for President?

Some time ago, I expressed the opinion on the pages of our journal that Vaclav Klaus is aiming for the position of president of the republic. At that time I thought that this will be a postelection goal, which will be preceded by the strengthening of presidential powers. The ODS congress in Pilsen more or less convincingly showed that it was a mistaken assumption.

Right in his opening statement Vaclav Klaus made a point of saying that "for the political tradition, which today's Czechoslovakia is resuming, the parliamentary system, not a presidential system, is natural.... We do not wish to change this system because we feel...it proved itself in the past here as well as in countries with a similar political tradition. We also start with the belief that parties are the traditional and proven basis of the parliamentary system. The attempt to do away with parties is the third way in politics, which can very easily turn into an attempt to introduce a single party system."

From what was said above it is quite clear that Vaclav Klaus would like to keep a position in the government even in the future, and in view of the expected election results, obviously the position of prime minister. He therefore continues to see his function primarily in the implementation of the economic reform by direct executive power. Vaclav Klaus, after all, expressed his attitude toward the president and his latest proposals not only in the last part of the quoted paragraph, but also after the conclusion of the congress at a meeting with the citizens of Pilsen. Besides rejecting the idea of his candidacy for president outright, he said: "Even though we raised our eyebrows at Vaclav Havel's the latest proposals, we are convinced that he should remain the head of state even in the next term."

State and Economics

To many of those who listened to the Pilsen speech of the ODS chairman it had to come as a surprise how Vaclav Klaus proposes to structure the future state setup. Although in the subsequent discussions in the lobbies it all did not sound quite so positive, the ODS chairman spoke in favor of a union-style setup of the republic. According to him, in question is a setup that proved successful in countries with a civilization similar to ours, and which is a logical continuation of applying the civic and regional principle in organizing our state. But probably in this case we are seeing not only the end result of the overall ODS philosophy, but also a preelection move which is supposed to snatch the trump cards from the hands of the Movement for Self-Governing Democracy-Society for Moravia and Silesia. A gesture toward the Moravian voters is evident not only in the election of a Moravian as one of the deputy chairmen of the party, but also in the clear offer of decentralized power. In view of the fact that one of the largest bases of ODS is somewhat paradoxically in Northern Moravia, the move cannot be but admired for the ingeniousness of its creators. However, at the same time it means that ODS is quite pragmatically preparing itself for the alternative if Slovakia, for whose current and obviously also the future political representation the union-style setup is unacceptable, secedes.

As far as the economic reform is concerned, of which ODS feels to be the guarantor, the congress in Pilsen again spoke in favor of accelerating the denationalization. "Privatization is the best and most direct solution of the problem of old structures which permeate the enterprise sphere and the state administration, and which gives all of us so much grief," said Vaclav Klaus word for word.

Friends and Foes

The chairman of the Christian Democratic Party [KDS], Dr. Benda, in his greeting to the ODS congress compared Vaclav Klaus to Rasin, the minister of finance in the First Republic. He emphasized, of course, that today the situation is much more complicated than the one which the founders of our state faced in the twenties. Vaclav Benda could afford to use a little exaggeration. A freshly made agreement on a preelection coalition with the party whose delegates he was addressing was practically in his pocket.

For KDS, which has a 4-percent support of voters according to the latest public opinion polls, it means a guaranteed place in the next parliament. But what did ODS gain by this alliance?

By leaning toward the Christian-oriented party it may have gained more than KDS itself. It made possible the support of the religiously minded, who until now have been bothered by the excessively technocratic bias of the Civic Democrats, gained a positive evaluation from the Christians in the SNR [Slovak National Council] leadership, and in case of an optimal outcome of the elections,

a clear predominance in the parliament. To a certain extent it is also a countermove against the Czechoslovak People's Party, which has the fourth largest support of potential voters in the Czech lands, and whose chairman Lux has obviously never been forgiven by Klaus' brain trust for saying some time ago that ODS is a party where "the greatest number of crooks has congregated." Judging by the current statements of chairman Lux, his party would be very interested in an alliance with the Civic Democrats, but so far Vaclav Klaus has utterly rejected the idea and called the politics of the largest Christian party "duplicitous."

Other natural allies of ODS in the upcoming elections will in all probability be the Club of Nonaligned Activists, the Slovak Democratic Party, and maybe even the Hungarian Democratic Initiative and the Civic Democratic Union-Public Against Violence.

The foes are also obvious. In the first place there are the Czechoslovak Social Democrats, whom Vaclav Klaus recently called the greatest threat to the reforms. This evaluation is obviously influenced by the 9-percent support of this party by the public, which projects it as the strongest opposition force in the next parliament, as well as Vaclav Klaus' persistent dislike of Valtr Komarek, his greatest economic opponent. The second foe is, surprisingly, the Civic Movement, with whose intellectualism the deputy prime minister of the federal government instinctively disagrees, and then, of course, the communists. ODS did not specify its relationship to Sladek's Republicans, who will obviously be present in the next parliament as well, but it is not difficult to fathom what it is.

And What Next?

ODS is a party which is one of the few that began the preelection campaign with a considerable head start. It will cash in on the 300 meetings which its chairman attended, and profit by its well thought out policy toward the media. As Vaclav Klaus emphasized, the ODS election campaign "must be gracious, positive, and professional, it must have charm and a light touch...it must not be intrusive and sweaty, aggressive, negativist and amateurish." The program is to be clear, pragmatic, specific. The point therefore is to allay the fear that part of the public has of the aggressiveness of some careerists, who, especially in the districts, see in ODS a road power. To fulfill such a goal obviously will not be simple, but certainly enough capable brains will be found in the ranks of ODS who will be able to guide it in a way that will enable the Civic Democratic Party to receive the desired 30 percent of the votes.

Strasky Argues in Favor of Brno Compromise

92CH0211A Prague CESKY DENIK in Czech
12 Dec 91 pp 1-2

[Guest commentary by Jan Strasky, deputy prime minister of the Czech Republic: "In an Atmosphere of Uncertainty: One More Word About the Budgets"]

[Text] One stage of setting up the annual budget has ended: All three budgets have been passed by the respective governments and have been submitted to the legislative bodies. This was preceded by a confrontation caused by the Czech government. It could be described as the quantitative statement of 5.4 billion Czechoslovak korunas [Kcs]. In other years, 1 percent of the annual budgetary expenditures of the Czechoslovak budget system would not have exceeded the limits of a technical budgetary problem, which would most probably have been resolved behind the closed doors of the offices of the Finance Ministry. It was ultimately resolved in this way anyhow—but in the present political atmosphere it was accompanied by a series of proclamations and declarations that resembled skirmishes. What happened, happened. But it is not over yet; it will not be over until all hands have been raised in assent in all the parliaments.

The first question is whether the Czechs really needed to do this. On the one hand, there is the typical 1 percent of budget expenses, and on the other hand there are at least four open items in the Czech budget where the missing billions played a significant role because of the size of the sum and an indispensable role because of their urgency. The urgency of budgetary needs is always debatable. The Czech government debated this for eleven hours during the key budgetary session. However, it is also measurable politically: Without the Kcs5.4 billion, the draft of the CR [Czech Republic] budget could not be passed by the Czech government. With them, it passed 9:4. The four believed that Kcs5.4 billion were insufficient. I would like to point out that this foursome was not the same as the four ministers responsible for the items that were inadequately covered in the draft of the budget worked out according to the "Bratislava model." For the benefit of those individuals who state the opposite, one must repeat that the Czech government bore in mind its professional responsibility in respect to its departments, its political responsibility in respect to the citizens—directly and through the CNR [Czech National Council]—and its responsibility in respect to the stability of the Czech state.

In our three-sided budget system, it is logical that the increased Czech demands can only be met either at the expense of the Slovak budget or at the expense of the federal budget. In a two-member federation, it is clear that the higher Czech demands can only be met at the expense of Slovakia. According to the view that is predominant among the Czechs, this means that the CR will be permitted to give less than it has been required to give. By whom? Since we are living in a federal state, then it must be by the federation. Therefore the Czech government turned to the federal government with a request for resolution. Throughout the whole affair, the Slovaks recognized the fact that this was a problem between the Czechs and the federation. A solution was found and was approved in Brno. Compared to the "Bratislava model," the Czechs will receive (be allowed to keep) Kcs4.8 billion more, and Kcs0.2 billion fell to

the Slovaks, and the other side of the whole transaction (in the federal budget) has so far not been analyzed publicly to any measurable degree. The Czechs did not achieve their demand that the "joint incomes" (sales tax, profit tax, and agricultural tax) should be "apportioned" to each republican budget in proportion to the number of citizens in each republic (in a ratio of 43:22 out of 100, with 35 for the federation). However, this ratio was used to supplement both republican budgets from the federation. (Kcs3.3 billion to the CR, Kcs1.7 billion to the SR [Slovak Republic], with the proviso that Kcs1.5 billion would go to the Slovak budget from the federal, and not from the Czech, budget as had previously been agreed in Bratislava.)

It was this budgetary adjustment that completed the strategic goal, which can be stated as follows: Both republics will share the proceeds from higher economic performance in the Czech republic while maintaining the requirement that the budgetary expenditures per capita in both republics, after the territorial incorporation of the federation's expenses, will at least be the same. On the notorious chalkboard, the Brno budget produced the result of Kcs+ 323 to the benefit of each citizen in the CR. In 1991 it is expected that this result will be roughly Kcs+ 800 to the benefit of each citizen in the SR (i.e., - 800 to the detriment of every citizen in the CR). Perhaps it would be best to say it again: even if in 1992 every citizen of the CR will, on average, pay more into the CSFR budgets than a citizen of the SR (this amount, depending on various calculations, vacillates between 1,000 and 2,000), in 1992, for the first time since the creation of the common state, he will also receive more than a citizen of the SR (individually as well as in social consumption), and this excess amount, according to the Brno budget, will be Kcs323. That is roughly 1 percent. Approximately—or, rather, as an illustration—the whole problem can be expressed as follows: of every 100-koruna bill that flows from the budget to any place in the CSFR (naturally including the operation of diplomatic facilities abroad), a citizen of the CR will get Kcs50.50 and a citizen of the SR will get 49.50. The dispute is about the average citizen's share in the creation of each 100-koruna bill that flows into the budget as income: ordinarily this would be roughly 52:48. That is the approximate size of the problem. The difference has historical causes, it also issues from past decisions, and it cannot be eliminated in the short term. In the conditions of the economic transformation that is taking place and to which the Czechoslovak society agreed as a whole, this is the least propitious moment to bring this problem up at all. It is as if two siblings, who are not equally matched in strength, decide to embark on a difficult path for good reasons; then, halfway along the path, the stronger is no longer willing to help the weaker although he helped him earlier when the going was easy. The fact that one of the reasons why he is no longer willing to help is because his own strength is ebbing, changes little in the situation.

However, every comparison is inadequate, and every action unwinds against the backdrop of a specific interactive stage set. Ours is taking place in an atmosphere of

questioning the common state and in the midst of signs that the courage to follow the difficult path is not equal. If, halfway along the difficult path, one party starts to think up various alternatives that increase the difficulty and jeopardize the essential success, it will certainly have repercussions from the other party.

This long-lasting problem in the present Czechoslovak political situation naturally also affected the budget talks. Some people considered this to be an opportunity to resolve the problem, or at least to postpone the resolution. This led to some disappointment over the Brno decision. The compromise reached, which was the result of very constructive talks, is viewed from very different perspectives. There are people who state that such a dispute should never have occurred and that it jeopardized the positions of 12 "professional" ministers in the Slovak government. Those people who viewed the problem solely on the level of inevitable budgetary needs are relatively satisfied. The CR "received" (it may keep) 90 percent of what it demanded (4.8 billion vs. 5.4 billion). So far, an acceptable compromise. Those people who consider this compromise to be making concessions are dissatisfied.

Perhaps one could tell the first group that a common state can only be preserved if both republican societies realize its true significance. Democratic forces in Slovakia can best be encouraged by our merely helping to create and assert a realistic picture in Slovak society of our, their, and the reciprocal situation. Even on the part of the Czechs, this includes emphasizing the ensurance of own needs and pointing out that a common state is not a matter of course if certain limits are crossed. Not even the Czech public wants a certain type of common state. If, over and above this, it succeeded in making this clear to the federal agencies, then the Czech government's "budget affair" fulfilled its secondary, but equally important, purpose. Neither this nor any other state can remain united merely through the good intentions of individual politicians.

To the third group, which reckoned that the Czechs could "get more out of it," I would like to emphasize that somewhere, not far beyond the limit of 5.4 billion, the position of the Czech government would change from a "call to reason" to "closing the door." All three differences of opinion are very tense and cannot be bridged if a specific limit of inflexibility is exceeded. I agree with those who consider a basic reconstruction of the constitutional structure during the period of economic transformation in the CSFR to be a dangerous luxury, and view the irresponsibility of a considerable part of the Slovak political scene from this perspective. I agree with them that we will not allow ourselves to be dragged down by the immature behavior of our fellow traveller.

I do not agree with those who, in the face of the economic difficulties that have arisen and that we anticipated two years ago and courageously swore to overcome, seek the answer in separation, in escaping from

the common state. Neither the geopolitical situation, nor ethics, not time are in their favor.

Exports Viewed by Pancir as Better Than Expected

92CH0192A Prague HOSPODARSKE NOVINY
in Czech 25 Nov 91 p 9

[Unattributed interview with Josef Pancir, deputy federal minister of foreign trade; place and date not given: "Exports Are Better Than Expected"]

[Text] [HOSPODARSKE NOVINY] To what extent does foreign trade share in the economic problems of Czechoslovakia?

[Pancir] To the extent to which anyone attempts to explain the reason for the economic difficulties by referring to foreign trade, he does not take into account the actual situation, which is indicated by data for the first as well as the second quarter of the year. While production, in comparison with the same period of 1990, declined by approximately 18 percent, exports declined only by 10.7 percent. This year, in comparison with the comparable period of last year, we exported 5.8 percent more to market economies, including the developing countries, the increment for the European Community amounted to 17 percent and increases in exports to countries with developed market economies amounted to 9.5 percent. Naturally, exports to the Soviet Union this year are only about 62 percent and exports to all countries of the former CEMA alliance declined by 30.9 percent in comparison with the same period of last year.

[HOSPODARSKE NOVINY] How did imports develop?

[Pancir] For the first three quarters of the year, in comparison with the comparable period of last year, imports declined by 20.4 percent. Only imports from developing countries rose and did so by 30.3 percent. Imports from developed market economies declined by 19.8 percent, from former CEMA countries, by 20.2 percent.

[HOSPODARSKE NOVINY] Can this foreign trade development be judged to be negative?

[Pancir] On the contrary. It can be considered a positive trend that, with regard to raw materials which we formerly imported only from the CEMA countries, we are beginning to orient ourselves to the developing countries where we are, thus, creating conditions for our exports, particularly for our engineering products. In essence, in the third quarter we have completely turned around the balance of trade. Whereas, for the first half of 1991, the overall balance of trade was negative to the tune of 10 billion korunas [Kcs], the period January through September is showing a positive balance of trade of Kcs10 billion. In other words, during the third quarter we exported goods valued at Kcs20 billion more than was the value of imports.

[HOSPODARSKE NOVINY] The decline in imports, however, cannot be considered to be a positive sign with respect to the development of the economy.

[Pancir] A decline in imports need not always be a negative manifestation, particularly if imports assure us the necessary raw materials and semifinished product and technological installations essential to development of the economy. In 1990, machinery accounted for 37.3 percent of all imports; during the first through third quarters of 1991, the engineering industry accounted for Kcs57 billion of the total import volume of Kcs211 billion.

[HOSPODARSKE NOVINY] However, this is only 27 percent, so that developments are indeed negative.

[Pancir] Of course, it is necessary to take the territorial composition of engineering imports into account. For example, engineering products account for virtually one-half of the imports from developed market economies (Kcs99 billion). I would like to say that the importation of machinery as a whole declined, but the importation of those machines which were previously imported, according to the plan, from the former CEMA countries naturally dropped, because their parameters were not always up to European standards. This indicates that the importation of high-quality machinery is rising. So that the interpretation that a decline in the import of machinery is automatically a negative attribute of the current situation is not always objective.

[HOSPODARSKE NOVINY] Do you believe that we have a chance of also increasing the export of Czechoslovak engineering products to developed markets?

[Pancir] Yes, we do, but it is necessary to affect rapid changes in the structure of engineering production to permit it to be better responsive to demand in the markets. In 1990, the exports of machinery and installations to market economies accounted for approximately 20.3 percent of the total volume of exports to these countries. During the first through third quarters of 1991, machinery accounted for Kcs29.1 billion of the total export volume to market economies of Kcs134 billion, which represents 21.7 percent. In other words, the share of machinery in exports to market economies is not declining, but is rising slightly.

[HOSPODARSKE NOVINY] Machinery and installations are currently exported on credit. Who is granting credits to our exporters and under what conditions?

[Pancir] Today, exports are customarily shipped on medium-term credits of approximately three years and the credits are granted by the banks to the exporters. Exports on long-term credit terms declined considerably for two reasons: It is particularly these credits that are fraught with risk and, for the present, we do not have an institution in this country which would guarantee such long-term credits; for the present, there is also only a limited opportunity to guarantee exporters the coverage of the difference in the interest rates between a market

economy interest rate and the interest rate which is currently being considered by our banks for granting the credits. To a greater extent, medium-term credits are being primarily accepted by joint stock corporations specializing in foreign trade. Given the volume of their credit business in terms of exports and imports, the need for bank credits is considerably reduced. That is why I believe that, in this regard, joint stock corporations engaged in foreign trade exports and imports have a future. They continue to account for a large share of Czechoslovak exports and imports and a number of manufacturers avail themselves of their services, which are relatively less expensive. After all, from the standpoint of efficiency, there is a considerable difference between doing an occasional piece of business and assuring a large volume of sales consistently.

[HOSPODARSKE NOVINY] But what if new and relatively small entities wish to enter the foreign trade business?

[Pancir] Their situation is complicated. As long as they must export on credit terms and do not have an opportunity to match credit needs with credit resources originating abroad on the basis of supplier credits in terms of imports, they will have difficulty mastering this kind of business on a substantial scale. A smaller firm can suitably focus on exports if it combines with a developed manufacturer or supplier of advanced technology and exports a product which is highly specialized, of high quality, and which is very demanding. If such a firm is clever and obtains such a partner, then it can, naturally, succeed in its exports and it can even be successful from the very beginning.

[HOSPODARSKE NOVINY] In economic discussions, the claim is being heard that the koruna was excessively devalued and that the devaluation did not have the effect anticipated on it.

[Pancir] I believe that these are quite subjective opinions. I am convinced that without the devaluation of the Czechoslovak currency the decline in foreign trade turnover would have been substantially more serious and would have been concentrated primarily in the area of the market economies.

[HOSPODARSKE NOVINY] What kind of developments do you anticipate in foreign trade in 1992?

[Pancir] For the balance of this year, we believe that those missing 10 percent in export volume, recorded during the first three quarters, will be successfully lowered in the final quarter to a certain extent and that the volume of overall exports should not be lower than 92 to 93 percent, compared with the comparable level of 1990. Naturally, there will be substantial territorial differences: Exports to market economies will specifically increase; exports to former CEMA countries will decline. We anticipate that, in 1992, both as a consequence of privatization as well as due to already initiated contacts, the foreign trade business should revive. How large the increment will be for next year is difficult to estimate

today, but we need for this increment to be as large as possible so that we would not be pulling away from those countries whose per capita exports are substantially higher than ours and for whom this is a mark of efficiency in their economies.

[HOSPODARSKE NOVINY] How does Czechoslovakia look in this comparison?

[Pancir] In 1990, the Czechoslovak per capita value of foreign trade was \$1,596, whereas, for example, in Austria the figure was \$11,919, in Denmark \$12,976, in Canada \$9,177, in Germany \$11,878. However, in Poland it was only \$568 and in Hungary \$1,751.

[HOSPODARSKE NOVINY] Does this year's development in foreign trade approximately correspond to the anticipations of the federal government when it initiated the transformation of the Czechoslovak economy this year?

[Pancir] I would say that, particularly with respect to exports, it is better than anticipated. It was not expected that, in 1991, given the anticipated failure of sales in countries of East Europe, we could make sure that, volumewise, exports would remain above 90 percent of the level measured during 1990.

Prague Archbishop on State of Catholic Church

92CH0228A Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 21 Dec 91 p 5

[Article by Ota Filip: "Rebuilding the Church Is a Task for a Generation": Difficult New Beginning in Czechoslovakia—A Conversation With Archbishop Vlk"]

[Text] What does Miloslav Vlk, who, prior to the victory of the velvet revolution in the fall of 1989, was a fellow combatant in the spiritual resistance movement against the totalitarian regime, think today, one year after being appointed archbishop of Prague? "Not everything I am going to tell you will be pretty, but it will be the truth," says Archbishop Vlk. "We, the church, participated in the preparations for the revolution which took place in the fall of 1989. And, naturally, we were involved in the velvet revolution from the beginning. At that time, we spoke of a miracle. And some claim that the revolution had also been an Agnes miracle. Years before the fall of 1989, we were told: Once Agnes of Prague has been canonized, freedom will return to Bohemia. When, in the middle of November 1989, the canonization became a fact, we experienced an indescribable rapture. We in the church were firmly convinced that a time of brotherly love, of collaboration, in other words, a paradise, would begin in the Czech Lands."

The church, which had been the most important carrier of hope in the spiritual opposition to the communist regime since 1948, and, primarily, from 1969 until the fall of 1989, saw the general enthusiasm for the revolution as a harbinger of a positive attitude toward religion. The archbishop said the following regarding the phase of

postrevolutionary disillusionment: "Although Vaclav Havel repeatedly talks of the necessity for living in truth and love, he gets approval. But not all are convinced that it is necessary to build the new society on the foundation of truth and love." The situation of the church is not simple. Shortly after the revolution, many a politician became fearful that the church would become too powerful. The feared strength of the church was an optical illusion inadvertently caused by television. Shortly before the first free elections in the CSFR, after almost 50 years, new bishops were appointed because most of the bishoprics were not occupied. "We, the bishops, were shown on television in those days more frequently than was comfortable. And this could have led to the impression that the church was playing a determining role within the state."

"Shortly after the revolution, those politicians, into whose concepts the reborn church did not fit, did not yet dare to overtly slander the church. But they attacked some politically committed Christians all the more strongly during the election campaign, using the dirtiest of means." The consequences of this campaign, which deliberately addressed the religiously apathetic majority, primarily in Bohemia, were aggregated one day after the elections: Fewer Czechs and Slovaks had voted for the Christian parties than had voted for the Communists.

Today, Archbishop Miloslav Vlk has other worries; what is now involved is the rejuvenation of the church and of religious life. The experiences which he has collected, over the past two free years first as bishop of Ceske Budejovice and, prior to that, as a priest, without permission to minister, in the spiritual opposition to the communist system, is the basis for his statement: "We cannot immediately build a new base of believing Catholics only by preaching. The rejuvenation of the Czech Catholic Church is a process which will take at least one generation." The archbishop repeatedly returns to moral values and the necessity to renew the religious base: "The everyday worries, the difficult economic situation, have displaced this principal task of Catholic renewal. And now, the legacy of communism becomes ever more discernible. Many of us, and I also speak of bishops, believe that the disappearance of communism will signal the immediate beginning of a period of harmony. And we, too, the church, forgot that communism has remained deeply embedded in the heads and in the souls of people."

Miloslav Vlk meditated on the understandable weaknesses besetting the person who has been ideologically shaken for over 40 years; he also thought about man's present longing for worldly happiness, for consumer goods, and for well-being, in other words, an orientation toward material values. "The necessary scale of moral values in the life of the individual, as well as of our society, is frequently overlooked in Prague because primitive communist materialism over the past four decades virtually completely destroyed the sensitivity of man for perceiving the transcendental. The truth is not sought after," says the archbishop of Prague, "truth for

contemporary man is only that which appears to be useful to him. If one observes our political scene today, one can primarily see discord and hatred. Unfortunately, many politicians are no longer concerned with altering society, with democracy, but rather with power. People now have freedom, but they do not yet know how to handle it. It is more difficult to live under freedom than under the lack of freedom. Freedom requires civic courage and discipline, lest there be the danger that freedom might slip into anarchy. And it is precisely this dangerous slippage into a type of anarchy that we frequently feel today."

Is that social criticism or a paternal warning? Miloslav Vlk becomes more specific: "I dare say that there is a danger that we might soon have to deal with an unrestricted power claim by some groups and with a new type of terrorism involving arbitrary untruth and the deliberate lie." How would the Prague archbishop counter these dangers? "I see our chance in the renewal and in the restoration to health of humane and Christian interpersonal relationships."

Viewed statistically, the Catholic Church in the CSFR could be satisfied: During the census of March 1991, some 46.6 percent of all citizens listed themselves as being Catholic. The archbishop of Prague, however, knows what this is all about: "In Slovakia, only 29 percent of the statistically recorded Catholics regularly attend church; in the Czech lands, in Bohemia and Moravia, it is only 10 percent. In other words, we are not as strong as our enemies believe," says the archbishop with a smile. "In the past two years, we were tempted to come across with strength and power, based on our external power and upon the merits which the church had earned for itself in its 40 years of argumentation with Czech communism. Our experiences from the time of oppression, however, reminded us that the church can survive even without external power. Confronted by this knowledge, it was not difficult for us to shake off the temptation to demonstrate this strength and power. Also, we soon recognized our weaknesses."

Miloslav Vlk enumerates the weaknesses of his church: In the Archdiocese of Prague—and the situation is no different in other dioceses—the priests are too old, many parishes are not staffed, there are too few lay people, and even the archbishop of Prague speaks of the "disunity" between lay people and priests. The communist system banished lay people from the churches and from church life, to the extent to which the latter existed at all. Consequently, all lay people today are not accustomed to participating in church affairs and taking over part of the responsibility. And the priests did not learn to handle lay people. Today, they even fear that lay people can interfere too much in the religious and ecclesiastic life. "We do not wish to transform the more than 400 lay people who are now concluding their four years of study into lay

people with their own Holy Ghost or into little priests, but rather into a People of God who feel coresponsible for our church. But it will not be easy to fit them into the church life."

The Czech Catholic Church is also materially weak. The return of church property confiscated by the Communists in 1949 is progressing slowly. "In today's Czech society, in politics as well as in parliament, there are many groups that have no desire to return to the church the properties stolen by the Communists," says the archbishop. In response to the question: How does the church intend to finance its mammoth tasks, the rebuilding of the church school system, the renewal of mostly devastated or damaged cloisters, the rebuilding or the renovation of several hundred dilapidated churches? the archbishop of Prague has no answer. For the present, the priests and bishops, as well as church officials, are paid from the state budget. This is good—for the time being—because the church has no income. Does the Czech Catholic Church contemplate levying a church tax, following the German example? This question is not important right now because the church is primarily concerned now with spiritual renewal.

Other problems worry the archbishop greatly: "Sometimes, I stand before my compatriots virtually powerless and I am only gradually becoming aware that people in our country have too little experience involving the church, that our language, when we preach on Christian morals, is foreign to them, or at the very least appears to be alien to them."

Where does the archbishop of Prague see the hope of the future? "In the young people. Recently, at Poland's Czestochowa, there were over 7,000 youthful pilgrims from Bohemia, Moravia, and Slovakia. In a conversation, they told us: You, the bishops, belong to us! And we, bishops, knew at that moment that the future as well as hope were with us again. The Catholic Church will most likely remain small for the foreseeable future in Bohemia and Moravia. It will not wield influence as a result of its size or its power, but through the strength of God and through its unity."

The archbishop of Prague does not exclude the "Sudeten German question" from his considerations: "What the Sudeten German Catholics, the Munich Ackermann Community, did for the Czech Catholic Church in the underground and in the resistance against the totalitarian regime, particularly over the past two decades, and what the Sudeten Germans are doing today for the rebuilding of the Bohemian Catholic Church and to promote reconciliation and understanding is unique." For the Prague archbishop, the new treaty between the Federal Republic of Germany and the CSFR only marks the beginning of a new future and a new era of coexistence in a Europe which is characterized by Christianity and love for one's neighbor.

Kupa on Relations With Antall, MDF, Suranyi

92CH0229A Budapest NEPSZABADSAG in Hungarian
14 Dec 91 p 21

[Interview with Minister of Finance Mihaly Kupa by Gyorgy Such, columnist for MAGYAR NARANCs; place and date not given: "No Fair Play, No Friendship; Politics Is an Entirely Different Matter"—first paragraph is NEPSZABADSAG introduction]

[Text] Mihaly Kupa has been heading the Finance Ministry for a year now. On this occasion he made statements concerning event that were of significance to him, and about today's economic and political issues.

[Such] Mr. Minister, as of today, you have been heading the Finance Ministry for a year. A year ago it came as great surprise that the prime minister did not appoint one of his confidants from the party or from his younger years, but instead chose the father of the tax system—much cursed by MDF [Hungarian Democratic Forum] ideologists—to head one of the most important economic ministries. In any event, asking you to serve as head of the Finance Ministry appeared as the best move the prime minister has made thus far. Using the slogan "Expert in the government" more or less uniformly guaranteed opposition support, and—it so appeared, at least—you also had broad latitude within the government. How did you react to this "flying start"?

[Kupa] The "flying start" was rough. They accepted me for the obvious reason that I pushed through the budget and agreed to put together a consistent economic policy program within two months. Foreigners had a rather dim view of Hungary in those days because our foreign exchange reserves were in a bad situation. An economic policy program that was acceptable to international financial organizations as well as to the international world of finance had to be developed in cooperation with the central bank president. This is why I took so many trips—journeys for which I am so often criticized. But I experienced problems upon presenting the program to the government....

[Such] How do you react to assertions which hold that you yourself had initiated the erosion of your professional prestige as a result of positions you took concerning compensation and the partial reprivatization of church property? You had claimed that the Finance Minister's role was limited in regard to such fundamentally politically motivated issues insofar as the amelioration of the resultant damages was concerned.

[Kupa] I do not know whether the way you put it is true. I always perceived compensation as something that could help the settlement of, and solidify property conditions. I tried to minimize the expenditures and the way I saw it, reality had proved me to be correct, thank God. I conveyed my professional concerns in the form of an 11-point summary but that was not accepted. To be more accurate, it could not be enforced, some of the points could, others could not.

The churches are a different matter. Independent churches are part and parcel of a modern society, and as long as everything the churches owned had been taken away during the past 40 years, something obviously had to be restored in order to permit their normal functioning. But one could argue about the extent of such restoration. The situation is not so dangerous for the time being because the churches act with moderation, on the other hand, the churches also find themselves in an unfortunate situation. For example, they would not be able to start up their schools because they simply do not have the required teaching staff. This matter could be attacked from a purely economic standpoint, but one has to compromise to this extent.

[Such] You almost resigned last summer because of the overly lax conduct the government had manifested in response to strike threats made by the trade unions. Would you recite for us the background of those events, with particular reference to the fact that the trade unions are planning similar actions today?

[Kupa] I believe in a basic principle, one I also mentioned at the last meeting of the Interest Mediation Council. Negotiating with the government is not a function of trade unions. I have yet to be explained why I have to negotiate with trade unions about tax-free minimums and family supplements. This is not their "business"! This way the entire trilateral negotiation amounts to an inherited, bad structure. I am opposed to developing a corporate state in Hungary because that would limit the authority of parliament.

I was particularly aggravated in the summer by the fact that I learned of the agreement through the radio. I told this to the prime minister and to the members of the Cabinet. It was not the 5 billion forints that aggravated me, but the method that had been used.

Insofar as the most recent events are concerned, we have a tense situation in which laws have been presented to parliament and the trade unions want to change these. I am an advocate of peace in society and with respect to social welfare, therefore I believe that conflicts should be avoided if possible, but the price to be paid for such peace must not be the disintegration of the national economy or a redistribution system which exerts inflationary effects on others (entrepreneurs, "the rich").

[Such] Whose idea was it that you run in the interim parliamentary elections with the support of the largest ruling party shortly after your intent to resign became known?

[Kupa] I came to realize by May that it would not hurt to have a representative mandate as long as I had no political background, i.e. since I was not a member of any party. I felt this necessary not because I wanted to retreat, but in order to prevent situations in which I could be handled too "easily."

[Such] How did you react to the fact that during the election campaign there were some who questioned not

only your professional qualifications but your political, and even your human decency?

[Kupa] This was very hard on me. I decided not to engage in political discourse during this campaign, i.e., I did not have a bad word for any party or any opponent. I always said what I had in mind and what I wanted to see happening. I had to realize that politics was an entirely different matter than being a professional. There is no fair play, no friendship.

Persons with whom I had good relations stuck the knife in my back if their political interests so demanded. Some very base methods existed on all sides. I also had to realize that an individual amounted to very little in politics.

[Such] It seems as odd that a minister, who also has staff experience, would be amazed about political phenomena, as if being a minister would not be solid politics.

[Kupa] Let me make a comparison. If in England a person tells his negotiating partner that he did not pay sufficient attention to this or that issue, this translates into Hungarian as follows: that person has been talking nonsense. From this standpoint, I am much rather an Englishman....

[Such] Despite the fact that as a result of your election victory you forged some serious political capital for the government and the MDF, one could not sense that your latitude has increased within the government in exchange for that political capital. Was not such an expressed or implied bargain not part of the overall bargain?

[Kupa] I believe that only one person assessed this victory properly, and that person was the prime minister. He called me at home and congratulated me. He felt that at that point I had become the real finance minister. I am convinced, however, that very many people in the MDF were not happy about this affair, because I "outgrew" the dimensions that were tolerable to them.

Insofar as the strengthening of my position is concerned, I am not sure that you noticed something that has become characteristic in the second half of the year: Even those who constantly talked about economic collapse have changed their tune and began reporting successes. Quite naturally, I do not agree with these either, but economic policy has become relatively more easy from this standpoint. They began talking about the fact that some stabilization could be seen in the economy, after all. Everyone tried to claim credit for this, of course. You must have noticed that each and every week there was someone to hold a press conference and to announce his "success."

[Such] You have been increasingly attacked recently by the populist forces of the MDF led by Istvan Csurka. You are being blamed by now for having abstained from voting in regard to the Zetenyi-Takacs law. Have you

noticed a lack of confidence on part of the leading coalition party or of certain groups within that party in the course of your work?

[Kupa] This is a very complicated issue. If I go to a faction meeting...

[Such] Do you go to faction meetings?

[Kupa] I go if there is an issue I must address; I explain the issue.

[Such] As a presenter or as a representative from the "field"?

[Kupa] The time I have available permits me only to go there as a presenter and to discuss the situation in regard to taxes, the budget, etc. In general, debate ensues at MDF faction meetings, but thus far I have not discovered a lack of confidence. On the other hand, it is equally true that a number of prominent persons do not attend these meetings. To be sure, as a pragmatic economist my situation is rather odd. I always try to adjust issues to the real life situation because I am a liberal after all, one who does not advocate excessive governmental interference. This outlook frequently differs from views held by some people who play a definitive role in politics. At the same time I must suffer the whip lashes from the opposition because I am the one who presents all the economic issues in parliament, i.e., from this standpoint I managed to dock myself in an "excellent" position.

[Such] It is not mandatory to be in that position....

[Kupa] This is a fully appropriate statement. But if one starts out doing something he should try to pursue what he has started to do until the engine works, and I am not saying this so that you feel sorry for me—this is a matter of fact.

[Such] Prior to the parliamentary decision concerning the world exposition you repeatedly expressed some harsh criticism concerning the standards for preparing decisions and the performance of those who prepared the decisions. What has changed to make you push the "yes" button in the course of casting votes in parliament?

[Kupa] All the rules I demanded as matters of guarantee—and most of all, the 30 billion forint budgetary support limit—had been made part of the law, thank God. That's all there is to it.

[Such] So far as I know, several members of your advisory body have signed a letter addressed to members of parliament. In that letter some noted financial professionals called attention to the importance of having an independent central bank that observes high professional standards. What is your view of the ensuing personnel changes?

[Kupa] In selecting my advisers I did not choose them on the basis of party affiliation. My choices would be the same even today. Consequently they are entitled to sign anything they want to sign. I remind you that the central

bank law which after no small amount of difficulty has been adopted by Parliament, was submitted by myself, in agreement with Gyorgy Suranyi. The independence of the central bank has acquired institutional foundations in Hungary. I have said this many times, and I will say it once again: I regret Suranyi's dismissal. I was able to work with him well, I almost could say that we were friends. But who is interested in human emotions? This was a sovereign decision made by the prime minister and I do not want to comment on his decision. This is his responsibility. I will add this much: One the prime minister announced his decision, the Cabinet, including myself, recognized that decision. Everyone could suffer an "accident, and the fact that discontinued ministerial responsibility vis-a-vis parliament resulted in a situation in which either the prime minister relieved a minister or the minister resigned. Accordingly, there is no direct responsibility whatsoever. Incidentally, I, too, may easily suffer such an accident. I am also trying to cooperate with Peter Akos Bod, I would like him to be the president of an independent central bank who counters Hungarian fiscal and financial policies. The Hungarian economy cannot be boosted by financial means because it would go bankrupt. The truth also includes the fact that in his capacity as Minister of Industry Peter Akos Bod has not requested exceptional proceedings or benefits for a single industrial enterprise from me ever since I became finance minister, or from the president of the central bank. The way I see it, Bod has given up with the idea of making a career as a politician, therefore, hopefully, he will not yield to temptations. But there will be great trouble if he does, because this would ruin the country. Quite a lot of thought has been given to this matter within the government, and even more so outside of the government. Larger deficit, a higher rate of growth, a higher inflation rate and a more comfortable distribution—yes, but this would cause the death of the country.

[Such] Let us talk about the budget. It is surprising and perhaps unprecedented that four standing committees of parliament deemed the budget law unfit for debate. Considering the fact that the ruling parties enjoy majorities in these committees, don't you suspect that these committee actions serve as advance indications from the MDF?

[Kupa] I was truly disturbed by the rejection of only one committee, notably the Committee on the Constitution. This committee has as its function to state whether a proposed law is consistent with law. I was rather shaken by the fact that the Committee on the Constitution has failed to support one of the most important legislative proposals in the country. I was shaken for two reasons: First, several ruling party representatives did not attend this important committee meeting, and second, coalition party representatives contributed with their votes to support the appointment of a member of the opposition to manage the proposal. Several possible outcomes exist in this relation. The adoption of this entire debate over the budget, or in broader terms, the acceptance of this entire economic policy management concept could have

been regarded as success scored by the coalition. On the other hand, they also could have claimed that the Finance Minister was not capable of presenting a budget or implementing the economic policy if the proposal was not accepted. I am aware of this, and I will go through with it. Let me fail if I must fail, but I am not a loser. On the other hand I agree with much of the criticism. We have been delayed, but part of this delay may be attributed to the fact that the Cabinet was not able to make decisions regarding a number of issues. Parliament has been busy with other matters for a long time. I accept the critique which holds that the transformation of the large distribution systems has been delayed, but what really interests me today is to ensure the conditions of economic development and functioning by the end of 1991. In other words, these are huge traps, and this is why I said—and not because I wanted people to feel sorry for me—that I am out at the front line, and that I certainly would make mistakes, irrespective of what I was about to do. In other words: They could pin the trouble on me.

[Such] In contrast, you once—perhaps more than once—said that the trouble resulting from mistakes made by politicians would not be pinned on professional economists once again.

[Kupa] My staff is blaming me for that statement today. They tell me what must be done, and I must bargain about things that can be done. This is the situation. As a minister I am unable to claim that I am a simple professional.

[Such] How do you react to the final conclusion reached by Viktor Orban in his keynote speech, according to which the economic policy program called the Kupa-program has essentially ceased to exist and that consequently we may bury this program together with the budget?

[Kupa] I will respond to that statement in parliament. In any event, I had the impression that the budget and yours truly served only as pretexts for Viktor Orban to engage the prime minister in dialogue. Incidentally, I did not detect any system in the arguments presented, no explanation was given as to why the program should be regarded as dead, and why the program would be buried by the budget.

[Such] How do you get along with your staff? What kind of relationship do you have for example with your political state secretary?

[Kupa] I recognize the following problem. The political state secretary substitutes for the minister in parliament and in the Cabinet, i.e., he is a politician. One could say that a politician is not competent insofar as the profession is concerned. This statement might be a bit too coarse. Then you have the administrative state secretary who is responsible for administration, i.e., he is competent insofar as the profession is concerned, i.e., he is not a politician. Some, rather great disturbances flow from this situation. It would be part of the general duty of political state secretaries to deal with the press. But the

political state secretaries deal with everything, and I do not agree with that. Accordingly, this is not a good arrangement. This network of political state secretaries is a splendid mechanism to perform special tasks of which one may or may not be aware of. I would like to add here that I have the best trained political state secretary within the state service. In the French model, for example, the minister has a cabinet which changes as many times as ministers as changed. The staff always remains unchanged, of course. But this is not the way our Constitution provides, so what should I do with it?

[Such] The MDF is holding its national meeting late this week. True, you are not a member of the party, but you are a member of the faction. What outcome do you expect from this gathering?

[Kupa] I believe that dissatisfaction on part of society cannot be mitigated by administering political justice. The economy must be democratized. We need a stratum of owners and equal opportunity, and then we will have democracy. I do not hasten privatization because I want money, but because I want stability. This is one of the issues. The other is that the party must have an ideology. On the other hand, considering the fact that the party has granted confidence to the government, specific economic issues must be left to the government to resolve. The government should be controlled through parliament!

[Such] How would you react if your work as minister received support in the form of various position statements by the presidium or the board?

[Kupa] I would not accept these. I do not want their help! They represent ideologies. What they could say is that the government's activities were not consistent with their ideologies. But they should make such statements openly.

[Such] Thank you for the conversation, Mr. Minister.

Pending Telecommunications Law Discussed

*92WT0079B Budapest FIGYELO in Hungarian
12 Dec 91 p 41*

[Interview with Bela Doros, deputy state secretary of the Ministry of Transportation, by Eller; place and date not given: "Awaiting the Telecommunications Law"—first paragraph is FIGYELO introduction]

[Text] The telecommunications law is about to be presented to the Cabinet; it is hoped that parliament will debate the law shortly thereafter. This is not the only item that is late in bringing about an improvement in the telecommunications situation. We conversed with Ministry of Transportation Deputy State Secretary Bela Doros about possible solutions.

[Eller] Does the ministry have a telecommunications policy and a development program that points beyond the three-year development program advanced by the

Hungarian Telecommunication Enterprise [MATAV], and if so, does your policy and program envision competition in this market?

[Doros] It has almost become commonplace to say that the Hungarian telecommunications network is inadequate, bad and expensive and that there is a long waiting period for new lines. This defines the tasks: We need many low cost, high quality telephones as soon as possible. Just how can this be accomplished? As a monopoly, MATAV is unable to satisfy the demand, even though its management, decisionmaking mechanism and managerial staff have been greatly changed. Some 650,000 applications for telephone service are pending while MATAV is capable of establishing between 400,000 and 500,000 stations at best. One obviously cannot tell prospective telephone subscribers to wait until MATAV reaches a certain point in its development program. What can be done? MATAV could be improved as a result of privatization and by increasing its capital stock, or we may increase the number of service providers. In regard to the latter alternative the Ministry has prepared a regional program which divides the country into five or six districts, and each service provider would receive exclusive rights in one of these districts. Typically, there is no competition in local telephone service provisions. Competition would be absurd from an economic standpoint. On the other hand, competition is possible with respect to international and long distance calls, and we have a concept to accomplish this. Accordingly, we must accept monopolies insofar as local services are concerned.

[Eller] Who will receive monopolistic rights in the individual districts? Would you build this on the foundation of local initiatives—and there already exist some—or would you direct this from the top down?

[Doros] If we were to rely exclusively on local initiatives we would conserve the backwardness of backward regions because in those regions we could not expect to hear from prospective entrepreneurs wanting to establish and operate networks. In addition, mutually independent service providers would establish varied tariffs; differences in telephone fees could vary as much as 2000 percent between individual districts. This should not mean that one should prohibit individual initiatives, of course. We will integrate those into our own program. Accordingly, there will be settlements in which MATAV performs the development, and there will be others in which concessions will be let and others perform the tasks. And in places where none of this takes place we will mandate MATAV to accomplish the needed development.

[Eller] One of the conditions established by the World Bank for MATAV in order to receive loans was MATAV's transformation into a stock corporation by July 1991. Why has this transformation been delayed?

[Doros] MATAV would have become a single person stock corporation as a first step, but autonomous local

governments with their real properties would also have become owners. The transformation did not occur because at the time we reached the agreement with the World Bank we believed that Parliament would adopt the telecommunications law in the summer, the law that would have governed the operations of the transformed enterprise. This law was needed because the present corporate law and the law governing the Postal Service exempted MATAV from under their respective authorities. The only existing requirement with respect to MATAV is that it must provide services wherever a network exists. But there are no provisions with respect to possible developmental choices to be made by MATAV, just how long it could permit prospective subscribers to wait, etc. It would have been irresponsible in every respect to perform the transformation in advance of having a law.

[Eller] How can MATAV's transformation be reconciled with the Ministry's regional program?

[Doros] With difficulty, because if MATAV were to transform itself earlier, it would become more difficult to accomplish the division into five regions and to establish joint ventures using the state's assets that exist locally. This, on the other hand, would result in dividing MATAV and an accompanying reduction in its capital stock, i.e., one would have to choose between this solution or the other solution which we have already mentioned, the raising of MATAV's capital stock. MATAV's transformation has also been delayed for a third reason: The basic network constitutes exclusive state property and as such it cannot be taken into a corporation in the form of capital.

[Eller] But what does "basic network" mean? There is some sharp disagreement over this matter both in Hungary and abroad.

[Doros] Yes, because at this time the meaning of "basic network" is also changing in the West. In examining this issue two and a half years ago as part of drafting the law, we followed the conceptual system outlined in the so-called Common Market "green book" that was put together in 1987-88. Based on that we understood that basic networks also included local systems and thus we attributed a broader meaning to the "basic network" concept than what is taking shape today. At that time we perceived operations on a concession basis, assigning a regulatory role to concessions. Since then, however, a concession law based on an entirely different concept has been enacted, and this law determines what constitutes exclusive state property and state functions. Together with the new interpretation of "basic network" the old concept would overly conserve the basic situation. In the developed world changes had been catalyzed by the fact that the results of competition have come to a halt at a certain point, and this has taken place as part of the expected returns on the size of investments. They figured out that since telephone service, mobile radio telephones, personal calling systems, and data transfer should all have their separate and, from a technical

standpoint, new kind of proportionate network, they would establish a common network in order to ensure the desired return, one that handles the various signals and forwards those to networks that have already branched out. In countries where separate, operational networks have already developed, designating existing networks to perform the distribution function presents a special concern. Hungary's misery makes our decision easier because we do not have a network that is technically capable of accomplishing this. Accordingly, we must build this network—and this has already begun—and this is what we want to call our basic network. And this network will remain the exclusive property of the state for at least two years, because this is how long it will take for the telecommunications market to evolve. After two years the basic network may be partly or wholly transferred into the ownership of others.

The property value subject to the authority of the telecommunications law amounts to 2 billion forints today—this is the extent to which the above-mentioned network has been developed. By 1993 this worth will amount to 30 billion forints.

[Eller] And what is the worth under a different interpretation of the term "basic network"?

[Doros] Under a different interpretation today's basic network is already worth 25 billion forints.

[Eller] Regardless of how you interpret this matter, will it be necessary for the state to maintain a 51-percent majority control in the long term?

[Doros] Not necessarily. For example, the British Government does not have a 51-percent controlling interest in British Telecom. On the other hand it is also true that the state holds so-called golden shares, which provide special entitlements. We would like to persuade both Hungarians and foreigners to invest; even private enterprises could become investor partners.

[In the following tables, graphics were converted into tables; figures as published.]

**Central Station Capacity
To Be Established—Budapest
(thousands of lines)**

1991	1992	1993	Total
30	70	200	300

**Central Station Capacity
To Be Established—Countryside
(thousands of lines)**

1991	1992	1993	Total
80	350	420	850

**Number of Already Connected
Subscribers—Budapest
(thousands)**

1990	1991	1992	1993	Total
0.45	0.48	0.51	0.64	0.19

**Number of Already Connected
Subscribers—Countryside
(thousands)**

1990	1991	1992	1993	Total
0.49	0.53	0.74	1.50	0.51

New Telephone Company Pledges Improved Service

92WT0079A Budapest FIGYELO in Hungarian
12 Dec 91 p 40

[Article by A.V.: "A Telephone for Everyone?"]

[Text] A stock corporation called First Pest Telephone Company has been established with two-thirds joint funding by the Hungarian Telecommunication Enterprise [MATAV] and Kontrax-Telekom. The company promises no less than to satisfy all telephone requirements within a year and a half in the three most backward districts of Budapest.

The capital stock of the new corporation amounts to 2 billion forints, and the total cost of planned investments in the 10th, 17th, and 18th districts comes close to 6 billion forints. Consistent with existing law, MATAV has subscribed to stock providing a 51-percent absolute majority control at the start. Kontrax' share is expected to amount to between 25 percent and 30 percent of the capital stock, while local governments will contribute between 5 and 10 percent. They intend to change this ratio after parliament adopts the telecommunication law, by providing a 25-percent to 30-percent interest to each of the principal founders by selling the remaining MATAV shares primarily to neutral investors.

In all three districts telephone service provisions fall below average service levels maintained in Budapest, i.e., 23.2 main lines for every 100 inhabitants, or 41.2 housing unit stations for every 100 housing units. (For example, in the 17th districts these two indicators translate into 5.4 and 12.7, respectively.) It is the purpose of this venture to achieve the 35 main lines per 100 inhabitants service level by 1993, corresponding with the average European service level in the 1980's, and to raise that level to 55 by the year 2000. (In the 17th district mentioned above, more than four-fifths of the residences would have telephones by 1992, subject to demand.)

Stock at the nominal value of 10,000 forints per share can be subscribed to in January and February. Local residents will have priority in this regard. Telephone service will be made available without having to pay an

installation fee for 30,000 forints along with presentation of the three shares, or in exchange for the three shares. Persons who do not own stock may also receive telephone service but they will have to pay an installation fee estimated at 15,000 forints. (An additional advantage provided by the purchase of stock is that it is considered an investment and thus provides a tax benefit.)

Local governments also acquire several advantages. Above all, they will become parts of the telephony enterprise that is profitable throughout the world. In addition, the company offers free of charge telephone use to the three local governments, up to a maximum of 2 percent of the capital stock. These telephone lines may be distributed by the local governments as part of social services. And last but not least, in the course of a year and a half Budapest's three most economically backward districts will be able to gain huge advantages over the rest of Budapest in terms of attracting operating capital, because the plan provides full telephone service—the most important consideration from the standpoint of investors.

Agricultural Loan Guarantee Fund Described

92CH0266A Budapest FIGYELO in Hungarian
12 Dec 91 p 24

[Article by Gyorgy Kopanecz: "What Does the Agricultural Enterprise Credit Guarantee Guarantee?"]

[Text] The Ministry of Agriculture endowed a fund by using the 10 million European Currency Units [ECU], i.e. about 0.9 billion forints provided as part of the Phare program and 0.1 billion forints received from the five commercial banks most interested in financing the agricultural sector. The goal is to increase the credit worthiness of agricultural entrepreneurs.

Entrepreneurs, and in particular starting entrepreneurs, justly complain that banks provide loans only at a high interest rate or in exchange for collateral whose worth amounts to, or exceeds the amount of the principal and interest. By assuming part of the credit risk the fund can help in this regard.

It is the purpose of the fund to prevent the rejection of even a single application for credit if the developmental purpose is found marketable and if the entrepreneur is in a position to repay the loan.

The fund also increases the personal responsibility of bank officials who judge loan applications. It prompts them to make a far more critical evaluation than before of the proposed business and of the personal ability of entrepreneurs to pay. This is necessary not only from the standpoint of the bank's interest, but also from the standpoint of operating the fund.

This is so because in the agricultural sector the risk in individual ventures, and particularly in starting ventures, is greater than the average risk, and the fund remains operational as long as it is capable of covering credit losses.

The decision to guarantee a loan actually becomes part of the credit approval process. Thus an entrepreneur has no additional tasks to perform in order to receive the credit guarantee. He may submit his loan application together with his business proposal to the offices of the Agrobank, Budapest Bank, the Bank of Commerce, the Hungarian Credit Bank or the Mezobank and these will evaluate his request pursuant to the bank's established practice. (Only these five banks expressed an interest in establishing guarantor institutions at the start of the Phare program.)

The founding document defines the conditions by which guarantees may be accepted as follows:

- The developmental project must involve a basic agricultural or forest management function, an industrial, commercial or service activity ancillary to agricultural production or marketing, or the development of an infrastructure related to these.
- The loan granted must enhance the development of the area and its capability to retain the populace. For this reason a loan guarantee cannot be obtained in Budapest or in autonomous cities within counties.
- The fund may be used to guarantee developmental loan applications submitted by individual or company enterprises in which the majority of the founding capital is owned by Hungarian natural persons. The fund is geared to support primarily small, beginning ventures which employ 60 people, at most.

The banks automatically trigger the initiation of the loan guarantee process when approving loan applications.

The guarantee does not create an additional administrative burden for the entrepreneur. The "guarantee request form," whose contents have been agreed upon in advance with the banks, can be filled out without any particular problem based on the loan application or the proposed credit agreement.

The bank forwards this request form to the fund's secretariat to examine the request strictly as a formality. If the request complies with the requirements the secretariat verifies within a short period of time that it provides the requested guarantee.

As part of the credit guarantee the fund reimburses half of the credit loss incurred by the banks. Along with this, the banks obligate themselves to do everything they can to collect outstanding loans and to minimize its credit losses.

Accordingly, in this way the fund does not provide easier lending criteria from the standpoint of entrepreneurs, it only facilitates the possibility of receiving a loan. In exchange for guarantees, banks will pay guarantee fees to the fund amounting to one percent of the guaranteed credit amount (i.e., the amount of the authorized developmental loan and the related interest). This fee is payable by the banks, but nothing prevents the banks from collecting the amount of these fees directly or indirectly from the entrepreneurs. In practice, banks could accomplish this by factoring the guarantee fee into the interest rate.

The fund guarantees developmental loans exclusively. This means that the guarantee may be obtained only for loans which finance developmental investments and for the purchase of operating assets needed in conjunction with such investments. In certain instances it will suffice to show that credit is needed for the expansion of operating assets in order to accomplish the development. In cases like these the related credits may also be guaranteed. No guarantees can be provided to cover existing loan obligations or for investments by plants operated as businesses.

SdRP Program, Plans for National Convention

92EP0148B Warsaw TRYBUNA in Polish 16 Dec 91
p 3

[Article by Artur Siedlarek: "A New Chapter"]

[Text] On Saturday, the proceedings of the SdRP [Social Democrats of the Republic of Poland] Main Council began with three presentations by Jerzy Szmajdzinski, Zbigniew Siemiatkowski, and Jozef Oleksy. They were to invite the attention of members of the Main Council to the principal topic of the meeting ("The SdRP after parliamentary elections") and to provide a programmatic foundation for subsequent discussion.

In the opinion of Zbigniew Siemiatkowski, the SdRP is being pushed in the direction of a nostalgic party in which siege mentality is beginning to prevail in view of attacks from the right. Deputy Siemiatkowski observed that "the process of attrition of people at different levels who have credibility with reform movements in the PZPR [Polish United Worker Party]" is a manifestation of alarming trends in the party.

It was stressed many times in the course of the Saturday discussion that, despite the propaganda of the ruling camp and a segment of SdRP aktiv, retirees and people associated with the old system were not the only ones to vote for the SLD [Union of the Democratic Left]. In Siemiatkowski's opinion, a considerable group of young and well educated people voted for the SLD, not in order to defend their biographies, but because they were mainly attracted by the young age of the leaders of the union, its European character, its objections to obscurantism, and its disagreement with the parochial nature of the program of the right.

Jerzy Szmajdzinski also talked about the need for a program discussion within the framework of the party. He stressed that "our voters have not been given to us once and for all." The SdRP may keep its voters only through vigorous and effective participation in the political life of the country. Szmajdzinski outlined, before the members of the Main Council, the initiative of convening voivodship conferences of the party which would culminate in the national convention scheduled for 15 February 1992. They would outline anew the spheres of the political activity of the party, draw conclusions from the parliamentary elections, ponder the organizational and statutory problems of the operation of the party, establish economic foundations for its operations, and make necessary personnel changes.

Members of the Main Committee also heard a report by Deputy Chairman of the SLD Parliamentary Club Jozef Oleksy. Deputy Oleksy cautioned against foisting the formal domination of the SdRP on the club because under the current circumstances, only a program's prevalence due to merit makes sense rather than one based on the numerical majority of SdRP deputies. Deputy Oleksy stressed that the isolation of the SLD Club in the Sejm should be overcome in every possible way. This

calls for getting rid of prejudice and a broad-scale openness for a dialogue with various groups. Oleksy reported that vigorous efforts of the leadership of the club in this sphere have already produced specific results, though modest. The SLD holds five positions of deputy chairmen of Sejm commissions and has an opportunity to add another two. In addition, the Sejm accepted the candidacy of four judges proposed by the SLD for the State Tribunal.

Oleksy mentioned the following problems to which SLD deputies should pay special attention: The retirement benefits law, the defense of the minimum of social accomplishments, the formulation of the guidelines for intervention in the economy by the state, and emphasizing the continuity of the state and the achievements of the People's Republic of Poland.

It was stressed in the debate that the good performance of the left in the elections has caused a veritable offensive by the forces of the right, one of whose goals is to break up the SdRP. Political opponents have a particular fondness for the previously proven method of complementing and endorsing some figures of the left while defaming and disparaging others. Members of the Main Committee repeatedly appealed to the leaders of the SLD and the SdRP not to give in to the provocations of their political opponents.

In the opinion of Professor Tadeusz Iwinski, there is no question of a crisis in the SdRP, there is merely a turning point. Deputy Iwinski also said that the talk of dividing or transforming the SdRP would make sense if some new political quality could emerge instead of the party (for example, a merger with the RDS [Democratic Social Movement] or the PPS [Polish Socialist Party]) which is not in the cards at present. Andrzej Zelazowski noted the fact that the SdRP has never been a homogeneous party. He also added that differentiation may only strengthen the position of the left, provided that organizational unity is maintained.

Professor Jerzy Wiatr is also convinced of the durability of the SdRP. He said that "individual functionaries are leaving but they are leaving alone." He also found that at present, it is not worthwhile to consider the possibilities for the unification of the post-PZPR left wing and the post-Solidarity left wing because in the immediate years to come this is completely unrealistic. Deputy Wiatr expressed his dissatisfaction with the lack of a genuine discussion of the program in the party. He also resolutely stated that, from the intellectual point of view, the situation inside party is just boring.

According to Deputy Marek Siwiec, the parliamentary election put an end to the concept of maintaining unity at any cost. The former editor in chief of TRYBUNA also believes that the time has come to stop regarding the party as an association of former PZPR members who are in danger. "I would like the party to which I belong to be able to know how to behave in the new situation,

and to understand that, after the elections, it is no longer worse than others from any point of view."

The Main Council did not accept the resignation of Wieslaw Huszcza from the position of SdRP treasurer, concurring with the joint conclusion of the Budget and Finance Commission of the Main Council and the Auditing Commission which found that the treasurer should remain in his position until the financial affairs of the party are settled.

The Main Council adopted a resolution on scheduling the SdRP National Convention on 15 February 1992, and also adopted the position paper "The SdRP and the Current Political Challenges."

Members of the SdRP Main Council unanimously recommended Dariusz Szymczycha to the position of TRYBUNA editor in chief. Subsequently, the resignations of Professor Jozef Lipiec and Dr. Slawomir Wiatr from memberships in the Presidium of the Main Council and the Main Council were accepted. Dr. Wiatr told members of the Main Council that he had been intellectually drained, and was tired of political work, and would like to engage in activities of a different type.

List of Polish Daily Newspapers

92EP0156A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 24-26 Dec 91 p II

[Article by D.F.: "The Polish Daily Press"]

[Text] The recently created Union of Press Publishers is also intended to ensure the integrity of data on circulation, returns, and the ranking of individual periodicals in our country. Speaking the truth is not exactly in vogue. Besides, the situation is fluid; the position of newspapers is unstable, whereas changes are tremendous. Many new periodicals appear; quite a few are short-lived. Zbigniew Bajka has compiled a long article on the press which will be published in ZESZYTY PRASOZNAWCZE. We borrowed most of the data from this study.

At present, there are 19 all-Polish newspapers on the market, including 10 general-interest newspapers: EXPRESS WIECZORNY—circulation 112,000, magazine—324,000; GAZETA WYBORCZA—circulation 550,000, magazine—840,000; GLOB-24—circulation 60,000, KURIER POLSKI—circulation 50,000, magazine—170,000; NOWY SWIAT (data not available; the editorial office refuses to provide information); RZECZPOSPOLITA—circulation 209,000, magazine—212,000; SLOWO POWSZECHNE—circulation 31,000, magazine—73,000; SZTANDAR MLODYCH—circulation 96,000, magazine—465,000; TRYBUNA—circulation 98,000, magazine—126,000; ZYCIE WARSZAWY—circulation 128,000, magazine—238,000.

There are three sporting newspapers: PRZEGLAD SPORTOWY—circulation 83,000, magazine—144,000; SPORT—circulation 200,000, magazine—150,000;

TEMPO—circulation on Tuesdays 45,000, on Thursdays 52,000, magazine—89,000.

Two newspapers are intended for the residents of rural areas: GROMADA-ROLNIK POLSKI—circulation 70,000, magazine—150,000; GROMADA ROLNIKOW—circulation 52,000, magazine—170,000.

Two newspapers are devoted to economic topics: RYNKI ZAGRANICZNE—circulation 6,812; TESA NEWS—circulation 24,350, magazine—no data available.

One newspaper is intended for soldiers: POLSKA ZBROJNA—circulation 15,000, magazine—23,000. One newspaper is intended for children: SWIAT MLODYCH—circulation 68,000, magazine—70,000. GAZETA WYBORCZA is the most dynamically developing newspaper; it has 13 regional versions and an incredibly energetic advertising section.

Along with central newspapers, 56 regional dailies were published in Poland as of the end of November, out of which 19 are new publications which did not exist in 1989. They are as follows:

- AZ DZIENNIK OBYWATELSKI (Rzeszow)—circulation 22,000, magazine—44,500
- CZAS KRAKOWSKI—circulation 34,000 to 41,000, magazine—56,000
- DZIENNIK ABC (Leszno)—circulation 8,000, magazine—15,000
- DZIENNIK BALTYCKI (Gdansk)—circulation 60,000, magazine—183,000
- DZIENNIK LUBELSKI—circulation 42,000 to 66,000, magazine—210,000
- DZIENNIK LODZKI—circulation 52,000, magazine—115,000
- DZIENNIK POJEZIERZA (Olsztyn)—circulation 10,000, magazine—30,000
- DZIENNIK POLSKI (Krakow)—circulation 75,000, magazine—142,000
- DZIENNIK POZNANSKI—circulation 40,000, magazine—40,000
- DZIENNIK POLNOCY (Olsztyn)—circulation 15,000, magazine—65,000
- DZIENNIK RADOMSKI—circulation 15,000, magazine—25,000
- DZIENNIK WIECZORNY (Bydgoszcz)—circulation 27,000, magazine—111,000
- DZIENNIK ZACHODNI (Katowice)—circulation 92,000, magazine—525,000
- DZIEN-GAZETA LUBELSKA—circulation 7,500, magazine—11,500
- DZIENNIK CZESTOCHOWSKI—24 GODZINY—circulation 4,500, magazine—10,000
- ECHO DNIA (Kielce)—circulation 13,000, magazine—69,000
- ECHO KRAKOWA—circulation 42,000, magazine—79,000
- EXPRESS BYDGOSKI—circulation 11,500, magazine—31,500

- EXPRESS ILUSTROWANY (Lodz)—circulation 35,000, magazine—220,000
- EXPRESS POZNANSKI—circulation 38,000, magazine—91,000
- EXPRESS SUDECKI (Walbrzych)—no data available
- GAZETA GDANSKA—circulation 20,000, magazine—40,000
- GAZETA KIELECKA 24 GODZINY—circulation 13,000, magazine—30,500
- GAZETA KRAKOWSKA—circulation 70,000, magazine—205,000
- GAZETA LEGNICKA—circulation 5,000, magazine—5,000
- GAZETA LUBUSKA (Zielona Gora)—circulation 80,000, magazine—165,500
- GAZETA NOWA ZIELONOGORSKA—circulation 23,500, magazine—69,500
- GAZETA OLSZTYNSKA—circulation 35,000, magazine—81,500
- GAZETA POMORSKA (Bydgoszcz)—circulation 69,000 to 83,000, magazine—263,500
- GAZETA POZNANSKA—circulation 58,000 to 74,000, magazine—282,500
- GAZETA ROBOTNICZA (Wroclaw)—circulation 70,000 to 102,000, magazine—52,500
- GAZETA WSPOLCZESNA (Bialystok)—circulation 28,000 to 38,000, magazine—130,000
- GLOS POMORZA (Koszalin)—circulation 55,000, magazine—117,000
- GLOS PORANNY (Lodz)—circulation 39,000 to 52,000, magazine—118,000
- GLOS SZCZECINSKI—circulation 47,000 to 58,000, magazine—162,000
- GLOS WIELKOPOLSKI (Poznan)—circulation 83,500 to 117,000, magazine—129,500
- GLOS WYBRZEZA (Gdansk)—circulation 37,000 to 50,000, magazine—81,000
- GONIEC POMORSKI (Koszalin)—circulation 50,000, magazine—50,000
- ILUSTROWANY KURIER POLSKI (Bydgoszcz)—circulation 40,000, magazine—68,000
- KURIER LUBELSKI—circulation 33,000, magazine—76,500
- KURIER PODLASKI (Bialystok)—circulation 18,000, magazine—99,500
- KURIER PORANNY (Bialystok)—circulation 17,000 to 20,000, magazine—29,000
- KURIER SZCZECINSKI—circulation 35,500, magazine—104,000
- KURIER ZACHODNI (Katowice)—circulation 20,000, magazine—30,000
- NOWINY (Rzeszow)—circulation 70,000 to 92,000, magazine—175,000
- NOWINY WIECZORNE (Rzeszow)—circulation 15,000, magazine—18,000
- NOWOSCI (Torun)—circulation 33,000 to 38,000, magazine—79,000
- SLOWO LUDU (Kielce)—circulation 37,000 to 51,500, magazine—107,000

- SLOWO POLSKIE (Wroclaw)—circulation 69,000 to 101,000, magazine—114,000
- TRYBUNA OPOLSKA—circulation 60,000 to 89,000, magazine—158,000
- TRYBUNA SLASKA (Katowice)—circulation 82,000 to 180,000, magazine—675,000
- WIADOMOSC DNIA (Lodz)—circulation 47,000, magazine—106,500
- WIECZOR (Katowice)—circulation 29,000, magazine—102,000
- WIECZOR WROCLAWIA—circulation 26,500, magazine—81,000
- WIECZOR WYBRZEZA (Gdansk)—circulation 35,000, magazine—85,000
- ZYCIE CZESTOCHOWY (version of ZYCIE WARSZAWY)—circulation 15,900, magazine—18,300

After the RSW [Workers' Publishing Cooperative] Prasa fell apart, the teams of journalists most frequently own local newspapers, often together with other partners, for example, banks.

We know little about the returns of newspapers. Ruch does not publish this data, and editorial offices keep this information secret. However, the returns are very large. They come to between 40 and 60 percent for some publications. The returns of RZECZPOSPOLITA, 80 percent of whose circulation is distributed by subscription, come to 5.3 percent.

The Union of Press Publishers should appoint an independent commission which would collect information concerning circulation, returns, and frequency of publication at the source, and would publish them as independent reference materials for the needs of those who are interested in, for example, the advertising market.

Finance Minister Evaluates Policy, States Goals

92EP0162A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 3 Jan 92 p III

[Interview with Prof. Karol Lutkowski, minister of finance, by Piotr Aleksandrowicz; place and date not given: "We Do Not Have Any Choice"]

[Text] [Aleksandrowicz] The government resolved not to amend the provisional budget and a package of companion laws. However, at the same time the government stated that these were documents drawn up by the previous government, and the [present] government did not assume responsibility for them. What do you think about this? Is this to say that the option of "blaming predecessors" was resorted to from the very beginning?

[Lutkowski] For a long time now, we have been afflicted with a profound crisis, a deep recession. To be sure, certain results have been achieved in the area of the relative stabilization of the currency. However, recently a number of payments due to various economic sectors and the working people have been postponed until later. As a result, we have inherited tremendous obligations which are falling due from the beginning of this year, but

cannot be met. The budget deficit which is emerging in the first quarter amounts to almost 25 percent of budgetary revenues. Staying within the budget will only be possible when the entire package of companion endeavors is implemented. I share the point of view, accepted by the Council of Ministers, to the effect that we do not have any choice given the existing situation. We have inherited a situation created by the objective course of events, but also by mistakes made in the course of the implementation of the stabilization program. The state of public finance is catastrophic.

At the same time, the painful treatment offered by the aforementioned laws and the provisional budget is necessary for the economy if we want to keep everything that has given our economic life a new quality. Entering another inflationary cycle would bring about an unimaginable catastrophe after two years of major sacrifices by the population.

The government views the task of the recovery of economic development as a priority. However, acute financial constraints exist, and in the few months to come, no clearly perceptible positive effects may be expected.

[Aleksandrowicz] Which of the aforementioned laws do you consider the most important? Which laws are truly necessary—all laws in their entirety, or do you have your own hierarchy of the significance of issues?

[Lutkowski] Unfortunately, given the current state of affairs, it is impossible to disturb any of the elements in this set of measures. In the absence of this, we will not stay within the established size of the budget deficit, and we will be threatened with an unimaginable tragedy in public finance, and subsequently in the economy as a whole.

[Aleksandrowicz] Are we solving problems ad hoc for one quarter in this manner, or are we ensuring the stability of public finance in the longer run as well?

[Lutkowski] Given a budget deficit of this size, it is hard to claim that this set of measures will ensure stability. It makes it possible to stop a slide in the direction of the collapse of public finance. In turn, we are beginning to work on new theses for socioeconomic policy, and in this case, we will look for an opportunity for upward trends. Certain actions have already been announced in the expose of the prime minister. For their part, the minister of finance together with the chairman of the NBP [National Bank of Poland] should be the guardians of relative monetary stabilization as a precondition for further progress.

The minister of finance should look for ways to improve the economic outlook, but within the framework of a requirement to maintain stability.

[Aleksandrowicz] The issue of the mutual indebtedness of enterprises, and their debts to the budget and the banks is one of the most essential issues from the point of

view of entrepreneurs. Are demands to clear the debt coming up? What is your position?

[Lutkowski] There are enterprises which, with virtual certainty, have no opportunity to pay up on their obligations, and are actually facing irreversible insolvency. Any aid to them would amount to wasting public funds. However, in the case of enterprises which face a lack of financial liquidity but have a hope to overcome the difficulties, the issue of offering them long-term assistance is a subject to be discussed. I believe that the most proper way to act would be to possibly restructure their obligations on conditional terms, that is, on the basis of submitted, sensible plans for normalizing the economic standing of the enterprises.

However, strict financial limitations will still exist, and the enterprises will have to make efforts to restructure on their own.

[Aleksandrowicz] What means could be used to encourage upward trends?

[Lutkowski] I am a supporter of systemic tax relief for reinvested profits.

[Aleksandrowicz] However, the profits of enterprises are heavily encumbered; the issue of dividends remains particularly controversial. What is your concept for phasing out dividends?

[Lutkowski] Indeed, dividends are a tax on assets which violates the principle of the equal treatment of all sectors. Abandoning the dividends will be taken into account in the process of drawing up the new budget.

Unfortunately, we cannot change anything in this matter in the first quarter; our hands are tied by the general condition of finances.

In general, taxes that deal a direct blow to the profits of economic units have undesirable side effects from the point of view of economic effectiveness. In principle, a rational tax system should be based mainly on indirect taxes affecting expenditures. Therefore, if conditions for this existed now—which they do not—I would eliminate the dividends.

[Aleksandrowicz] When may we expect the introduction of the value added tax?

[Lutkowski] It should take effect during 1992.

[Aleksandrowicz] Does the equalization of operating conditions, to which the prime minister referred in his expose, also include the issue of the tax on above-the-plan growth of wages and its cancellation? Would you be inclined to entirely abandon it, or do you rather see the need to introduce yet another, but less restrictive version of it?

[Lutkowski] The tax on above-the-plan growth of wages is an artificial document making it impossible for us to move toward an efficient labor market. It ossifies the

existing situation and restricts labor mobility. It also reduces the motivation to apply oneself.

Undoubtedly, this is an instrument burdened with numerous flaws. However, given our current economic situation, it still constitutes a lesser evil. We may imagine forsaking this arrangement entirely. However, this would mean that the entire burden of resisting pressures resulting from an asymmetrical labor market would be shouldered by the central bank. Meanwhile, the NBP is still not institutionally capable of carrying such a burden. I have mentioned the asymmetrical labor market. So, in essence, it boils down to the fact that only the employee side is well represented at the negotiating table at which the terms of remuneration are discussed, whereas representatives of the employers, in the proper sense of the word, are absent. Therefore, given the current threat of inflation, an arrangement reducing the pressure for wages is unavoidable.

[Aleksandrowicz] Does the announcement on limiting the tax on above-the-plan growth of wages mean, in this case, a new formula of this tax, or exempting still more enterprises from it?

[Lutkowski] The detailed formula is yet to be discussed. As is known, remunerations consist of two segments. The segment which is part of the cost will still have to be restricted, whereas it will be possible to phase out this tax on the segment which is paid from profits.

[Aleksandrowicz] It appears that the government intends to pursue a proexport policy. Will the issue of tax relief for exporters be considered?

[Lutkowski] We will certainly consider the opportunity for making the policy on guarantees for export credit and credit terms more flexible. However, we are not considering a device such as direct preferences. This would amount to deforming the now clear-cut system of indicators, and would provide a loophole for bargaining.

[Aleksandrowicz] Exports may also be promoted by means of the appropriate exchange rate policy. However, the predicted rate of inflation amounting to between 14 and 15 percent in the first quarter and the monthly devaluation of 1.8 percent beg the question about a one-time adjustment of the exchange rate or, we might say, a rate which would creep at a somewhat faster pace than the current one.

[Lutkowski] I am against both a one-time devaluation and an increase in the rate of gradual devaluation. Of course, some exporters will have to reckon with lower profit margins on their products. Nonetheless, being aware of the movement of the level of prices and the exchange rate, they should take appropriate adaptation measures. The issue of the exchange rate and its gradual, creeping adjustment should be viewed in conjunction with the rate of interest. The central bank, and the Ministry of Finance as well, are responsible for our society not losing confidence in the relatively stable value of the zloty, and we intend to defend this position.

Those who save should not be deprived of an incentive to do so; this necessitates maintaining a relatively high interest rate. To be sure, lower inflation at a later date will provide a certain leeway for gradually reducing interest rates. However, for as long as inflation is a threat, the interest rate should remain rather high in order to, among other things, protect the stability of the exchange rate.

[Aleksandrowicz] Our customs policy is very likely the last issue. On one hand, we have announced that customs duties would not be increased; on the other hand, representatives of political parties which support the government appear to favor strong protections for the domestic market. What do you think about it?

[Lutkowski] The customs tariff is indeed the final tariff; even if it were to be changed in the future the changes would be downward revisions, due to our international obligations to GATT and the European Community. However, we may modify the degree of protection within certain bounds by means of a border tax. This is particularly the case with agriculture and the food industries which certainly merit special treatment.

[Aleksandrowicz] From the point of view of consumers and domestic producers, the border tax and the customs tariffs have the same effect—they reduce competition and boost inflation.

[Lutkowski] Indeed.

[Aleksandrowicz] What do you expect in contacts with the World Bank and the International Monetary Fund?

[Lutkowski] As is known, we have suspended talks concerning the next stage of the adaptation program implemented with the support of the IMF and the World Bank. We are preparing to resume these talks. We count on having international financial institutions take the peculiarities of our situation into account, and on making it possible to renegotiate essential elements of the previously achieved agreement concerning the adaptation program. The fact remains that certain types of therapy which are characteristic of adaptation programs sponsored by these institutions and which have proven themselves in the environment of an operating market with a developed legal and institutional infrastructure, have, perhaps, turned out to be not quite adapted to our conditions.

However, I do not conceal that I would prefer to embark on negotiations with the International Monetary Fund once we already have what I hope will be a favorable response by our parliament to the submitted laws and the provisional budget, and once the main principles of our economic policy have been specified.

[Aleksandrowicz] Along with macroeconomic policy, there is a sphere of microeconomic and extemporaneous problems: a hunger strike at the Sendzimir Iron Mill; the defense and aircraft industries await solutions to their

problems; there are protests and strikes. The new government is expected to propose something in these specific cases. What do you intend to do?

[Lutkowski] Well, the status of public coffers is well known, and there is no opportunity to allocate any funds in order to rush emergency aid to these enterprises. It is just that the hands of the minister of finance are absolutely tied at this point; we may only count on coming to an agreement, which will open up prospects for these enterprises, in a future more remote than the weeks or months to come.

Once again, the government has no room to maneuver at all, and cannot reverse decisions on price increases made by the previous minister of finance. Besides, the mechanism of implementing them was set in motion before I took over as minister. Even from the technical point of view, it cannot be stopped without causing complete chaos. These decisions were made on 20 and 21 December, and referred for execution immediately thereafter.

[Box, p III]

Four Drafts

Together with the draft provisional budget, the government submitted to the Sejm proposals for four budgetary laws, as we would conventionally call them.

The first draft law, on guidelines for state finance in 1992, proposes the following, among other things:

- Suspending wage indexation in the sphere financed from the budget.
- Authorizing the minister of finance to issue new state treasury bonds.
- Setting the upper limit of the temporary budget deficit at 120 percent of the deficit as of the end of the year.

The draft law on amending the law—Budget Regulations—and some other laws calls for:

- Discontinuing the write-offs of housing loans made under contracts signed before the end of 1989.
- Increasing the maximum size of fines and penalties to 500,000 zloty [Z] (to date, Z200,000 to Z250,000).
- Increasing penalties for hampering fiscal audits to a maximum of Z12.5 million.
- Introducing interest for delays in the payment of customs duties not made on time.
- Making additions to the list of actions included in budget regulations which are treated as violations of budgetary discipline (among other things, adding excessive obligations, collecting funds for remunerations in the sphere financed from the budget without paying ZUS [Social Security Agency] contributions).

- Increasing contributions to the retirement and annuity fund of farmers by about 50 percent.
- The state budget taking over proceeds from stamp duty (gmina budgets will draw funds from higher taxes on the means of transportation instead).
- Distributing the payment of the so-called 13th [wage] (to date, it had to be paid before the end of the first quarter; paying it in 12 monthly installments is now proposed) and payments of bonuses from profits, evenly in the course of the year.

The main proposals in the government draft law on the profit tax on corporate persons and on amending certain other laws are as follows:

- Increasing the cap rate of the profit tax on the highest profits from 40 to 50 percent.
- Extending liability for tax obligations to the assets of partners in limited liability companies.
- Extending regulations on special tax oversight to subjects which are not units of the socialized sector.
- Accelerating the collection of the turnover tax on imports.
- Increasing stamp duties (by a factor of three on the average).
- Increasing the maximum rate of the tax on the means of transportation (so-called road tax).
- Changing the guidelines for the taxation of leasing contracts in such a way as to prevent the use of this form of transferring the ownership of fixed assets for padding the costs of operation.
- Increasing the rate of the tax on concealed income that has been discovered, from 40 to 75 percent.

The draft law on amending the labor code and some other laws proposes, among other things:

- To index retirement benefits and annuities every half year rather than every quarter, and to have indexing triggered by a 10-percent increment in wages rather than a 5-percent increment, as is the case at present.
- To establish a uniform size of benefits for the unemployed at the level of 36 percent of the average wage in the previous quarter.

Labor, Unemployment Statistics Through Oct '91

92EP0151B Warsaw RZECZPOSPOLITA (POLISH STATISTICS supplement) in Polish 28 Nov 91 p 1

[Unattributed article excerpted from "The Country's Economic Situation in October 1991": "The Labor Market"]

[Excerpt]

The Labor Market

Average employment in six basic sectors of the national economy in October 1991 was set at 5.9269 million persons. This was lower than the previous month by 44,500 persons, i.e., by 0.7 percent. The decline in employment was 2.7 percent in transportation, 0.7 percent each in industry and trade, 0.3 percent in communications and 0.2 percent in construction. In municipal management, the level of average employment rose by 1.5 percent.

By comparison with October 1990, average employment in the six basic sectors of the economy declined by 656,700 persons, i.e., by 10 percent.

At the end of October 1991, 2.0404 million unemployed persons were registered in employment bureaus, i.e., 10.8 percent of the total of all persons actively engaged in an occupation. Of the total number of those unemployed, 52.8 percent were women. Every fifth person among those registered as unemployed was not authorized to receive benefits.

In October 1991, the number of the unemployed increased by 69,900 persons, i.e., by 3.5 percent. The rate of increase of the number of the unemployed was significantly lower than during the third quarter of this year.

The numbers of the unemployed who remain without jobs as a result of group layoffs continues to impact the increase in the number of the unemployed. In October this rose by 30,000 persons (by 7.1 percent). The unemployed who lost their jobs as a group constituted 22.2 percent of the total number of the unemployed at the end of October. Plants plan to let go approximately 281,000 workers in the near future. This applies in particular to the Warsaw, Rzeszow, Gdansk, Wroclaw, and Lublin voivodships.

The number of registered unemployed graduates of postelementary schools declined by 6,600 (by 2.8 percent) and was set at 228,900 persons at the end of October, which constituted 11.2 percent of all the unemployed. The number of unemployed graduates of liberal arts high schools rose (by 800 persons, i.e., by 5.2 percent).

The highest unemployment rate at the end of October, as in the past few months, occurred in the following voivodships: Suwalki (17.5 percent), Olsztyn (17.4 percent), Lodz (17.3 percent), Koszalin (16.7 percent), Jelenia Gora (16.3 percent), Ciechanow (16.2 percent), Ostroleka and Slupsk (15.9 percent each), Walbrzych (15.7 percent), Elblag (15.5 percent), Gorzow (15.4 percent) and Wloclawek (15.2 percent). In 25 voivodships, the unemployment rate was from 10 percent to 15 percent and in 12 voivodships it was under 10 percent. The unemployment rate was the lowest in the following voivodships: Warsaw (4.1 percent), Poznan (5.4 percent), Krakow (5.7 percent), Katowice (6.2 percent) and Wroclaw (7 percent).

In October 1991, the number of the unemployed engaged in interim work was 26,500 persons, while the number of those directed toward training or becoming requalified was 4,800 persons. Of those previously unemployed (from January until October 408,800 persons), 61,000 started working. There were 51 unemployed persons for every job offer. The situation of unemployed women is still much worse than that of unemployed men: there were 99 people for every one offer of employment for women, while there were 33 persons for every one offer of employment for men.

In October, two two-hour warning strikes in which a small number of people took part (228) were noted. Since the beginning of the year 295 strikes were recorded, in which 160,800 workers took part. The loss of work time in conjunction with participation in the strikes was a total of 296,800 workdays.

Central Planning Office on Nov '91 Economy

92EP0155B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 18 Dec 91 p 1

[Article by Antoni Kowalik: "The Central Planning Administration Summarizes the Economy; Glimmer of Recovery Against a Dangerous Background"]

[Text] A greater output of industry and the atrocious financial condition of enterprises, good proceeds from exports and dynamically developing imports, as well as growing retail prices, smaller investment, and shortfalls in the budget—these were the characteristics of the economy last month. In November, the symptoms of an economic recovery, which has been registered in recent months, firmed up; however, phenomena which threaten the stability of the economy also asserted themselves. Such are the results of an analysis of the economic situation between January and November of this year by the CUP [Central Planning Administration].

INDUSTRY. The average daily volume of product sales this month was 5.9 percent higher than in November of last year. In the last three months, a drop of the rate of decline of output was registered compared to the level a year ago. The average daily output in September was 23 percent lower, in October 21.6 percent lower, and in November 18.1 percent lower. At the same time, the inventories of finished products were reduced, especially in the light industry.

CONSTRUCTION. The output of construction and assembly enterprises was 14.5 percent greater than last year (in October, about 3 percent greater). In the 11 months, the volume of such output came to a level approximating last year's, whereas as recently as the first half of this year it was 12 percent lower.

AGRICULTURE. Restrictions on the sale of crops such as existed previously were not registered. A marked increase of the procurement prices and retail prices occurred, whereas prices for basic agricultural means of production stabilized at the same time. In August of this

year, a farmer could purchase 9.7 kg of fodder for 1 kg of meat, whereas in November as many as 15.2 kg. This testifies to an improvement of price ratios which were unfavorable for producers.

FOREIGN TRADE. Dollar-denominated proceeds from exports came to \$1.3 billion in November, which amounts to the thus far unprecedented growth of 7.6 percent compared to October of this year and 6.8 percent compared to November 1990. The rate of growth of imports was markedly lower; in November, imports were 11.1 percent lower than in October. However, in the 11 months of this year, the value of dollar-denominated imports was 77 percent greater than a year ago, and its growth rate considerably exceeded that of exports.

In November, the level of foreign exchange bank reserves was still high, and amounted to \$6.5 billion. This is \$61 million more than last month but \$1.3 billion less than at the end of last year.

The CUP adds to the above list of favorable phenomena the following negative trends in the economy.

BUDGET. The deficit of the state treasury increased in November by 2.5 trillion zlotys [Z], coming to Z29.3 trillion since the beginning of the year. An increasingly greater gap is emerging between wages in the sphere of material production and the budget-financed sphere. Approximate calculations indicate that within the last two months, the difference in the level of average wages came to Z0.6 million in disfavor of the budget-financed sphere.

ENTERPRISE FINANCES. Despite a somewhat better economic performance than in preceding months—somewhat lower outlays and minimal improvements in profit margins—the financial situation of production enterprises was very difficult. More than 37 percent of the enterprises operate at a loss. In the 10 months, taxes which the enterprises owe to the state budget exceeded the profits generated by 1.7 percent, and in industry by as much as 14.7 percent. The number of enterprises which have lost creditworthiness kept increasing; by the end of October, there were as many as 2,400 of them.

INVESTMENT. In the 10 months, investment outlays were 9.7 percent lower than a year ago. The decline of demand for investment occurred both in the state and private sector; the greatest decline occurred in agriculture. Delays in carrying out centralized investment projects are growing, mainly due to the lack of funds. It is already known that out of the 23 projects scheduled to be completed this year, in 15 cases the deadlines will not be met.

It is also worthwhile to cite the views of voivodships concerning the economic and financial position of state enterprises. Thus, in the opinion of voivodes, it is difficult, in view of the small proceeds from sales, high taxes, expensive loans, and a flawed system of bank settlements associated with foreign trade. The chain of mutual indebtedness grows longer, and payment arrears

mount. As a result, the enterprises have no money for either current needs or the procurement of raw and other materials. The work day is shortened; work forces are given compulsory leaves, or assigned to substitute work. Wages are increasingly often paid in installments. Poor financial performance is exacerbated by extraordinary losses by virtue of interest payments on loans and bills which are not paid on time.

Critique of Agency for Agricultural Marketing Role

92EP0155C Warsaw *RZECZPOSPOLITA*
(*ECONOMY AND LAW* supplement) in Polish
14-15 Dec 91 p II

[Article by Edmund Szot: "A Commercial Company Rather Than the Ministry of Procurement"]

[Text] Farmers attached great hopes to the setting up of the ARR [Agency for Agricultural Marketing]. To some of them, the agency appeared a panacea for all ills of Polish agriculture, including difficulties with the sale of farm produce, low profit margins on products, and God knows what else. The most moderate believed that this would be at least a new ministry of procurement. Therefore, it is no wonder that very many people were not satisfied with the subsequent operation of the agency.

As time went by, organizations of farmers got used to the fact that the operation of the agency should promote mainly the stabilization of the farm produce market, and that the extent of intervention in the market depends, among other things, on the funds which the agency has at its disposal. We may try to evaluate the operations of the ARR, and the good it has done to agriculture, only with these conditions in mind. It is worthwhile to incorporate the time factor into this evaluation (the agency is not even two years old!) and the overall incomplete adjustment of our economy to the principles of the market.

Evaluated against this background, the operation of the agency appears quite respectable. This year, the ARR operated in very many markets, from grain and meat to honey and flax. The results of these operations were certainly favorable for farmers.

Włodzimierz Rembisz, deputy chairman of the agency, maintains: "The grain market would have collapsed had it not been for our presence."

The intervention of the ARR in the grain market even went too far. The agency took part in the procurement of about 2.5 million tonnes of grain in various forms, directly or indirectly! This consisted of advances for delayed deliveries, which applied to between 600,000 and 800,000 tonnes of grain, the procurement of grain by authorized warehouses (between 600,000 and 800,000 tonnes), procurement entrusted to the enterprises of the grain and milling industry (400,000 tonnes), and finally, procurement made possible by credit guarantees issued by the agency to units which were not creditworthy.

The operation of the agency in the pork market was equally effective. To be sure, the price it offered (7,800 zlotys [Z] per kg) was widely criticized and interpreted as an incentive for meat-packing enterprises to reduce procurement prices. However, this was a groundless accusation. This is shown by, among other things, the fact that the price for emergency procurement has not changed since, whereas the market price is considerably higher at present. In the opinion of Chairman Rembisz, this testifies to the superiority of prices set by supply and demand over those set in other ways. On the other hand, it is unknown how low the procurement prices would have plummeted had it not been for intervention in the meat market. After all, these are precisely the basic goals of the operation of the agency: to contain falling prices, to safeguard a measure of product profitability which is determined by, among other things, price ratios, and to stabilize prices in the course of the year.

The intervention of the agency in the sugar market last year cost quite a lot. The agency had to subsidize sugar exports by substantial funds which were irretrievably lost. Despite a considerably lower output of sugar this year, the agency began to procure it (180,000 tonnes were bought); this was also done in the form of advances for delayed deliveries in order to prevent a drop of the domestic price for sugar which would have made sugar plants reluctant to sign contracts with growers.

The intervention by the agency in the butter market was less successful. In the summer, only 8,000 tonnes of surplus butter were bought, but they said there was no more surplus! The ARR also purchased butter in France and Norway, and is putting it on the market at present precisely in order to stabilize this market. In general, it should not be the task of the agency to purchase seasonal surpluses of butter, but rather surpluses due to changing trends. The dairy industry itself should be interested in accumulating seasonal surpluses. With regard to the butter market, we should be mindful of the fact that butter consumption at present is in line with income levels, and we will not restore the previous level of production for a long time to come.

At present, the agency is engaging in the emergency procurement of beef at 14,000 zlotys [Z] per kg of quarter-carasses of beef. Deputy Chairman Rembisz believes that better times are coming for the producers of milk and cattlemen; the farmers who are now getting rid of cows surprise him.

In addition to these strategic sectors, the agency also operates in the market of potato flour where its only goal is to preserve markets for export sales, and in the markets for wool, honey, and flax. In the case of these marginal markets, the principle of "cost recovery" applies, which is to say that the funds spent should be paid back, even with a profit if possible. In other cases, the agency is allowed to incur unrecoverable costs which are charged to the budget of the agency. This year, the agency has been allocated Z1.6 trillion before

November; for the year as a whole, this is going to be Z1.8 trillion. The agency is seeking Z3 trillion for next year.

A total of just over 120 people work in the head office of the ARR and all of its seven territorial departments. A great majority of them do not consider themselves officials anymore, but rather traders.

International Tourist Agency Visits Mazury Region

92EP0155A Warsaw RYNKI ZAGRANICZNE in Polish No 148, 10 Dec 91 p 8

[Article by (WYG): "Mazury Counts on Telechat"]

[Text] Suwalki Voivodship was recently given yet another opportunity to capitalize on its natural attractions. In the last days of November, this land of forests and a thousand lakes was visited by the president of the International Tourist Agency, Hennig Albrechtsen. He not only traveled to every corner of the Suwalki area and Mazury, but also brought with him a report on the interest in this region shown by tour companies from the Scandinavian countries. It turns out that there is quite a lot of interest, and the first tour groups are ready to visit the territory of the voivodship as early as the forthcoming tourist season.

However, there are several obstacles without overcoming which it is hard to conceive of this beautiful area becoming a full-fledged tourist area. The quality of services is the first obstacle. Sharing his impressions from the familiarization trip, Mr. Albrechtsen found that in Poland, the employees of tourist centers take no care at all to keep their clients satisfied. Atrocious phone communications and the lack of current tourist information are other obstacles.

Meanwhile, on the initiative of several gminas, a request has already been filed with the EEC concerning the commissioning of three Telechats in the territory of Suwalki Voivodship (in Sejny, Punska, and a third one to be shared by four gminas belonging to the Chamber of Tourism and Agriculture, consisting of Szypliszki, Jeleniewo, Rutka Tartak, and Wizajny).

Telechat is a modern data and communication center adapted to the needs of particular communities and equipped with a low-maintenance computer and telecommunications network. Among other things, it is very suitable for the development of small enterprises; one of the segments of Telechat pertains to tourism.

Whether the Suwalki area and Mazury will get money to develop tourism will depend on a report by Hennig Albrechtsen which is to be drawn up before the end of April 1992. Let us hope that it will be favorable. After all, the development of tourism is an opportunity to make money not only for the owners of boarding hotels, but also for farmers, craftsmen, and many other professional groups, to say nothing about the unemployed.

Survey on Religious Beliefs, Practices

92EP0160A Warsaw RZECZPOSPOLITA (POLISH STATISTICS supplement) in Polish 30 Dec 91 p II

[Article by Lucjan Adamczuk: "On the Religiosity of Poles"]

[Text] In July 1991, as part of a survey of household budgets by the GUS [Main Statistical Administration], a statistical-sociological poll concerning various forms of religious life in Polish families was taken.

The answers obtained to the question of religion indicate that 96 percent of adult Poles profess the Roman Catholic faith. Two percent declared that they had no religion or failed to answer the question, and another 2 percent named other religions. These figures reflect fairly accurately the denominational structure of Poland as determined on the basis of official data obtained from the officers of all the churches and denominational associations registered in Poland. This means that the general indicators of religiosity presented here may be related only to the Roman Catholic faith, whereas for other religious groups they are certain to look quite different.

The most general indicator of religiosity is provided by the answers to the question, "How much of a believer are you?" The answers indicate that 80.2 percent of adult Poles are definitely believers and 1.3 percent unbelievers. This indicator would probably have been still higher if school-age youth had been included in the poll. Despite its subjective nature, this indicator may reflect properly the actual social reach of religion, for it is in pretty good agreement with the figures on the different religions as well as with objective data on baptisms. That is because the statistical yearbook of the Catholic Church reports that during the years 1969-88 more than 90 percent of all children were baptized. This means that for the last few decades the same percentage of parents has been deciding to include their children in the community of believers.

The parameter of general attitude to faith thus merely provides information on the extent of religiosity without saying anything about its nature or intensity. Such information was obtained by asking the question, "How active are you in your religion?" Here the concept of religious activism is interpreted very broadly, because it includes such activities as participation in all ceremonies and rituals held at home, at a place of worship, or anywhere else, along with the reading of texts and participating in religious conversations, prayers, and meditation.

Thus this question complements the previous one by showing that not all believers are religiously active and that those who are thus active do it more or less

consistently. The proportion of consistent religious practitioners is 53.3 percent, which most often means that they attend Sunday mass each week. Here the information that barely 3.9 percent of the respondents do not engage in any religious activities is significant. The most important fractional indicators of religiosity (inclusive of religious practices) is attendance at Sunday mass (dominicans) and participation in Holy Communion (communicants).

The question was, "How often did you attend mass last year?"

It turned out that this fundamental ritual obligation is fulfilled more or less consistently by 80.6 percent of the faithful, which imbues Polish Catholicism with a character of its own. Studies by sociologists of religion show that the proportion of consistent religious practitioners in Poland exceeds 40 percent, and for the entire postwar period at that. The proportion of irregular practitioners also is high (more than 30 percent). These two indicators can be considered jointly, because the Roman Catholics belonging in these categories account for the so-called Catholic Sunday public, i.e., for the people who attend Sunday mass at least once a month. This is confirmed by a comparative analysis of the indicators discussed here: the proportion of the Sunday Catholics in 1960 was 80 percent in rural areas (and 69.6 percent in urban areas) while in 1984 it was 79 percent and in 1985, 78 percent.

In addition to the Sunday Catholics there is the category of rarely practicing Catholics (11.2 percent) who may be considered holiday Catholics. The indicator of this category of the religious is irregularly declining in favor of practicing Catholics.

The principal religious duties, especially for Roman Catholics, also include taking Holy Communion. In this connection, the poll included the question, "When did you take Holy Communion the last time?" The answers varied greatly, and it is especially noteworthy that the highest proportion of communion-takers was at Easter time: 32.1 percent. This signifies the satisfaction of the minimum religious requirement posed to the faithful in this respect, i. e., least one confession and one communion each year.

Another characteristic aspect of the spectrum of answers yielded by the poll is the indicator of regularity of communion taking, 13.9 percent. This corresponds almost exactly to the indicator of "communicants," that is, of the proportion of communion takers to the total number of those attending a mass, as calculated on the basis of one-time annual observations in all Catholic parishes in Poland. The Sociology of Religion Laboratory of the SAC calculated that in 1984 this indicator ranged from 10 percent in Przemyśl Diocese to 20.7 percent in Szczecin Diocese.

Referendum Results Disputed, Iliescu Criticized

92BA0303B Bucharest DREPTATEA in Romanian
16-17 Dec 91 pp 1-2

[Article by Ilie Paunescu: "President Proclaims Single Party"]

[Text] The official results of the 8 December referendum reinforce the election day conclusion: The majority of voters did not approve Iliescu's constitution.

From the impressions gained from several visits to voting sites in Bucharest and two neighboring counties, and from the early results reported by television and Rompress from the rest of the country, DREPTATEA concluded that the electoral law had not been accepted by the majority of the voting population. A more careful analysis of the official figures confirms these early estimates.

The government finally reported that on 8 December 8.5 million (8,464,624) of the nearly 11 million (10,948,468) voters approved the Constitution. The total number of registered voters was not specified, but on 10 December AZI, the FSN's [National Salvation Front] daily, quoted the Central Electoral Commission that said this figure was 15,824,373.

This figure causes the first bewilderment. It would seem most curious that the number of citizens entitled to vote has dropped by nearly 1.4 million (1,367,349) in the one and one-half years since the election of the president on 20 May 1990, when the total official number of registered voters was reported to be 17,200,272. This massive decrease appears to have been arranged to reduce the number of voters who would have abstained on 8 December. I say "official number" because it is impossible to learn the real one after the forging of results in most of the country, as revealed by very reliable information.

The second curious figure is the one that leads to the conclusion that most of the population refused to approve the Constitution. Insofar as a decrease of 1.4 million in the number of citizens entitled to vote is inexplicable and unacceptable, all we can do is assess the official result of the referendum only in terms of the total number of voters in Iliescu's election in May 1990: 17.2 million. According to the official report, at that time the absolute necessary majority to elect the president was 8,600,362 votes. Yet the government pretends that on 8 December 1991 the Constitution was approved by a smaller number of people entitled to vote (8,464,624, as we have already stated). This latter figure has undoubtedly been significantly boosted by the forgers of the results. But even if we consider it correct, it shows that the referendum did not even obtain the minimum majority that a candidate would have needed to become president on 20 May 1990.

The analysis of these figures corroborates the conclusions published in our last issue: Far from having

strengthened the legal and moral position of Iliescu and his acolytes (the authors as well as simple subservient supporters of the constitution project), the 8 December referendum weakened it. This result would force any democratic leader to resign; but Iliescu is not democratic.

On the very day on which the official result of the referendum was announced, the president mounted the Parliament rostrum to proclaim—against all logic and violating the legal conditions established by the fraudulent result which he had just praised—that part of the provisions of his own constitution do not apply during this legislature.

This was a major scandal. In any democratic country, the grotesque spectacle of this unworthy president, juggling with constitutional laws, would have prompted a unanimous cry of indignation on the part of the parliamentarians. Here, only one representative protested: Sergiu Cunesco, president of the Social Democratic Party. He was of course overwhelmed by the government's voting machine. To the shame of this make-believe parliament, the resolution proposed by Cunesco received only 14 votes! Not even Petre Roman's FSN agents, who have recently claimed to be outraged by the president's disregard of the constitution, raised their voices against this anticonstitutional excess.

What is more, on the same day Iliescu made a declaration, typical of a totalitarian Fuhrer, that was as alarming as the earlier legal aberration he stated from the Parliament's rostrum. For Romania's president, whose function compels him to adopt an egalitarian position toward all political organizations, the FSN is somewhat more than his favorite party. For Iliescu, the National Salvation Front is the unique party that coincides with the country itself. On 12 December 1991 the "enlightened despot" declared to AZI: "I link the fate of the FSN with the fate of the country, and the fate of the country with the fate of the FSN."

He had in fact already linked them when he congratulated himself on the forged results of the mock referendum of 8 December.

PER Chief Queried, Party Platform Detailed

92BA0303A Bucharest ROMANIA LIBERA
in Romanian 12 Dec 91 p 5

[Article by Corneliu Antim, including interview with Ernest Otto Weber, president of the Romanian Ecology Party; place and date not given: "Romanian Ecology Party, a Party of Purity and Hope"]

[Text] PER [Romanian Ecology Party] leadership—President: Otto Weber; vice presidents: Lucian Gruia, Mihai Measnicov, Constantin Bratu; executive secretaries: Adrian Pantazescu, Valentin Vasilescu, Ion Suiu.

"Before it is too late, let us exhibit lucidity and patriotism!"

"Together, let us rediscover nature, and together let us build a clean Romania!"

[Antim] Mr. Weber, you are the president of a new party in our country, a party that has no tradition. How did you make the people aware of your existence?

[Weber] The only tradition that can be considered in our case is the European one, given that our political ideals are to a large extent consistent with the positions of Western ecologism. In effective numbers of members, the Ecologist Party is relatively modest, but it has a much larger number of supporters or sympathizers. In the first legislative elections we ended up with about 580,000 votes, even without adequate electoral readiness; at the time, we were betting on gaining at least eight seats in the Chamber of Deputies. We underestimated ourselves! We secured nine seats, and even placed one candidate in the Senate! This success has encouraged others to join or endorse the PER ideals. I am convinced that in the next parliamentary elections our party will earn at least 12 seats in the legislative chamber; but with the one condition that at least one portion of the existing FSN [National Salvation Front] mayors be changed before election day. In one of our recent conversations, Mr. Ilescu promised to undertake these changes, while Mr. Stolojan did not respond. We suspect that he doesn't yet understand the situation. Other parties have also expressed the same opinion, as a token of the election's freedom and correctness. This operation is possible and should be started right away in order to relieve any doubts.

[Antim] For the small interests of everyday people, local elections can have a great deal of meaning, even though they are not as important as the legislative ones. What objectives have you established for this?

[Weber] Mayors, or commune and municipal council members could successfully also be elected from among our party members. We have people who are sufficiently well trained to fill such positions in society; in this respect, I am also referring to the other political organizations with which we participate in the National Convention to Establish Democracy. This would be a first political objective at the present stage of the electoral campaign; except that we are currently somewhat short of the financial means needed to conduct an effective campaign. We are probably the poorest party in the opposition. What I consider more serious is that in this electoral campaign as well, FSN leaders could benefit from material advantages; I pointed this out to the prime minister, who is responsible for the organization of the election, but he neither denied nor acknowledged it. Roman's tactical margin continues to be extensive. Another problem is that our ecologist principles, convertible into ecological objectives of economic and social policy, receive no support whatsoever in our country. The reaction of our state administration to these kinds of problems, even when they are formally accepted, is nil. The reason? No money!

[Antim] You know of course that a party is not a fund management institution or organization; a party's initiatives must move the people's conscience. This could be the way to also attract financial resources that could put in motion administrative pressures, which in turn would be forced to materially support social or economic needs.

[Weber] You know what's curious? The state has done something indeed: it has created in each county ecologic agencies staffed with personnel who are very well paid but who in fact are totally unskilled; all they do is collect fines. Their presence has no other effect, even though the value of the fines they collect for air, water, or ground pollution exceeds by far that of the funds allocated to various ministries and enterprises for corrective, nonpolluting technologies. So, where does this money go? We are fighting along all lines—parliamentary, governmental, and international—so that at least 80 percent of the money collected as pollution fines will be used for ecological purposes. The Ministry of the Environment could receive as well as guarantee these sums.

[Antim] The National Convention to Establish Democracy has announced its intention to be the main opposition block of political forces in the next election in the form of a United Opposition; the PER is part of that opposition. How will you support the objectives of the Convention in that campaign?

[Weber] We are among the first three parties to have joined this Convention. We place great hope in the Civic Alliance Party [PAC]; although it is not yet represented in Parliament because it was created late, it is nevertheless very strong and has significant social, political, and material resources and support. At Sf. Gheorghe-Covasna, for instance, we saw Alliance posters in Hungarian! This new political force could give the United Opposition the political coherence and credibility necessary for an electorate whose attitude is undergoing obvious changes. Not to mention that for us the PAC is a model of organization. As far as we are concerned, we are in contact with The New Congress Foundation, an organization that has promised to support the parties in the Convention, so as to obtain as many spots as possible in Parliament. To this end, they will bring here all the organization they used in the Bulgarian elections; this was one of the instruments that allowed Bulgaria to elude the structures and manipulations used by the Communists to remain in power. All this sophisticated organization will be at the exclusive disposal of the National Convention to Establish Democracy. We hope to do well together!

[Antim] What path do you believe Romania should follow in the near future?

[Weber] We stand for a decisive and irreversible reform. The more we avoid stagnation in the reform process, the more we will progress at a serious rate—not as we have until now, getting mired either in pseudoprivatization, or in the wave of corruption encouraged by the incompetence and concurrence of the past administration, or

even in the face of the "agricultural wager"—and the more we will demonstrate that we are capable of transforming the society in which we live into the society we want. We believe in the principle that today all human energies must be placed in the service of picking up and straightening up this country!

[Antim] How do you perceive the revitalization of the Romanian civilian society climate?

[Weber] To begin with, through work, because without work we perish! That is a national imperative, and that is why the major slogan of the PER members now is "Through Work to Freedom!" On the political plane, the political and diplomatic contacts we have had on various occasions until now, unanimously associated the success of the democratization process in our country with the success of the National Convention to Establish Democracy in the essential structure of the government. Once this requirement is fulfilled, Romanian society will regain its self-confidence and its faith in its destiny and in the values that will validate its path and options toward a civilization of freedom and human dignity.

Program Positions and Objectives—Platform Excerpts

The Romanian Ecology Party proposes to gather within its ranks all people of good faith in this country—independently of nationality, race, sex, religious convictions, or education—who are moved by the conviction that the deterioration of the environment has reached a dangerous threshold, and that there exists an imperative need to create a true balance between man and nature, a balance without which the future of the human species is questionable. The view that man is nature's absolute master is not only incorrect, but also exceptionally dangerous and damaging to man himself.

In our age, ecology is increasingly interwoven with politics, as mankind is beginning to become aware of its responsibility to maintain nature in an unaltered state for future generations. The fulfillment of this aspiration is possible only by assuring a broad democratic structure based on the classic principles of democracy.

For your information, some of the PER strategic objectives are:

In the environmental protection domain, the rebuilding of areas affected by human activities through ecologic reconstruction. This involves reforestation, desalinization, soil erosion control, neutralization or removal of polluting residues, covering and planting forests on waste heaps, wildlife repopulation, ecologic modification of the vegetation, rebuilding ecosystems that have been destroyed or are threatened with destruction, and so on; prohibition of transportation that pollutes the atmosphere beyond acceptable limits; and forest revitalization by increasing the reforestation of intensively exploited land. Forest exploitation will consider not only economic criteria, but ecological laws as well! Effective implementation of the Animal Rights Charter will be started. The Danube Delta will be subject to an intensive

program of ecological reconstruction, first of all by immediately discontinuing any industrial or agricultural intervention.

Plans for the industrial-economic domain are: review of existing polluting technologies and development of non-polluting industries; nonconventional, inexhaustible, and nonpolluting sources of energy will be expanded in industrial and social applications; gradual privatization of branches that lend themselves to this form of organization, and primarily of small industry.

In the agricultural sphere, the major effort will be concentrated on giving ownership to peasants and in supporting them in the practice of profitable, clean, and healthy animal husbandry by establishing methods of long-term state credit for activities associated with the economy of the land.

In the standardization and construction domain, the PER seeks the reconstruction of villages destroyed by the dictatorship by granting aid, credit, and specialized assistance. The rebuilding and subsequent development of the country's villages and towns will use traditional and ecologic principles (incorporation into the environment). The PER supports the right of citizens to build recreational cabins around towns and waterways, and in recreational areas.

In the area of social and cultural services, the following are being considered:

The struggle for society's moral sanitization; elimination of ethic and esthetic pollution, together with education in the spirit of genuine cultural values; mass information media must be detached from the control of state organs; true elimination of all forms of censorship, and assurance of free access to information, as well as the right to opinions without subsequent repercussions; real protection and systematic popularization of the country's folkloric and ethnographic treasures, which are part of this nation's existence and spirituality.

In the area of health and education, the ecologists intend to eliminate food substitutes and any harmful substances; develop superior forms of "naturist" medicine by introducing these disciplines in specialized education and by establishing practice centers; ecological training will be incorporated into education at all grades; the PER policy is based on the freedom and autonomy of all religions, with the exception of those which injure human dignity.

PER Synopsis

Started on 16 January 1990; at that time, it was the ninth party legalized following the abolishment of the single-party policy in postrevolutionary Romania. The PER was also the only official political organization in the country to have such an orientation, since the Ecologist Movement had initially been registered simply as an apolitical group.

Significant in the network of local chapters is the activity of ecologists in the counties of Prahova, Bacau, Arges (the last among the more recently established ones), Mehedinti, Dolj, Cluj (with a special mention for Turda, with its very active chapter), Iasi, Tulcea, Vilcea, and Sibiu. It is notable that all these local chapters correspond to localities and areas with great problems in maintaining the ecological balance of the environment!

Women make a singular contribution in the PER's structures. Their abnegation and leanings toward ecological ideals are also illustrated by the appreciable number of chapter leaders: one-third! At Balotesti, in the Ilfov Agricultural Sector, for instance, nearly 40 percent of the party members are women; in their view, the earth, the air, and water must be given "maternal protection" if we do not want the planet's future to collapse into nothingness!

The first split in the party occurred during December 1990-January 1991. A certain category of activists, most of them former Securitate and Communist Party operatives, infiltrated the PER ranks and attempted to take the party's helm and change its course. Immediately following the unveiling of their conspiracy and their removal from the party, the so-called National Ecologist Party came to light, a situation that initially undermined and weakened the cohesion and public credibility of true ecologists.

In its political actions, the Romanian Ecology Party fits in the center-right ecologist course. Compared, for instance, to the adherents of the Ecologic Movement, who are at the left of center, the PER distinguishes itself by the more applied, technical, engineering strategy that it adopts in approaching the country's ecologic problems. In local administration as well as in the legislative elections, the PER will run on the joint candidate lists of the National Convention to Establish Democracy.

In the preceding parliamentary elections, the PER obtained eight seats in the Chamber of Deputies, and one seat in the Senate, with more than 580,000 voters casting their ballots for these candidates!

The PER is the only political organization in Romania with this commitment, and last year was accepted into the "Greens Forum," a sort of universal ecological parliament. Strong connections currently exist between the PER and local ecology-oriented political organizations in Germany, Italy, and so on.

Dedicated to the beliefs of ecologists everywhere, PER members and sympathizers in no way aspire to gain power in Romanian society. But they decisively assert their qualified support and their right to participate in the democratic and economic progress of this country.

Opposition Columnist's Overview on 2d Anniversary

92BA0351A Bucharest ROMANIA LIBERA
in Romanian 20, 28-29 Dec 91

[Article in two installments by Octavian Paler: "Two Years Later"]

[20 Dec p 1]

[Text] Before Ceausescu's fall, people in Bucharest used to say, and probably not just in Bucharest: "I'd like to live one day 'after'." We thought that by Ceausescu's mere disappearance everything would be automatically solved, like the lifting of a spell. And here we are, more than one day after. It has been two years. And what has occurred? In December 1989 it seemed to us that, with Ceausescu's collapse, a wall had collapsed in front of us. We were convinced that Europe began on the other side of that wall. Later we discovered with anxiety that Europe was far away, although some of us were thumbing our nose at this kind of anxiety and yelling at the top of our voices that we, too, were Europe. We hoped that the situation will clear up, but we had misjudged both what had been damaged and the potential of the "saviors" to continue doing damage. So much so, that two years later Romanian society looks like a broken vessel. Nothing is left of the state of grace that was ours in December 1989. The cold has once again become an obsession, food has once again become an obsession, and they have now been joined by hatred among us. There is too much talk of forgiveness, but no one is forgiving anyone. The corruption reel is increasingly shameless and those urged to endure no longer know how to make ends meet. Because the care of tomorrow has become the care of today. A feeling of exasperated futility has nestled like a worm in our hopes; the country seems to have been brought down to its knees by squalor and fear, while the piners for the old regime are probably secretly snickering to see the lines lengthen and the prices skyrocketing. The ruin is to them a perfect murky water in which to go fishing.

The hardships of the "transition," is the leitmotif of the power. But is the "transition" also to blame for the lies we have been told for two years, for the involvement of the power in the corruption, or for the embarrassing demagoguery of fake patriots? Was it because of the "transition" that Timisoara was insulted in Parliament one year ago and that the president is afraid to visit the martyr city even to pay homage to its mourning? The "transition" was not responsible for the fact that after in December 1989 Romanians shot at Romanians; the crimes were hushed up. Many of those guilty of fratricide are enjoying not only immunity from punishment, but even official honors, and can themselves, or others with the same excuse that we did not think possible again after Nuerenberg—the excuse of "orders received"—order Romanians to shoot at Romanians on the basis of laws passed in the meantime. The "transition" was not responsible for the miners' raids, for the plunder of the

state treasury, for the Mafia-like nature of the power, or for the impudence of some of those who applauded Ceausescu down to the last minute to admonish the former political prisoners or to teach Timisoara lessons. The economy is ailing, but not only the economy. The prices are not alone in becoming inflated, so is demagoguery. And nothing seems to discourage the power or wealth junkies in the protective shadow of the power. The crisis is deepening; Bucharest is even sadder before Christmas, decked out in the bit of obligatory makeup; around us Europe is resettling, something that should force us to a minimum of reason, but what do they care, those preoccupied solely with their careers and profitable schemes? They are teeming behind the scenes, pulling ropes, and eying once the Cotroceni Palace and once Alea Modrogan, plotting attacks and counterattacks in the "war of the roses," and the outcome of this patriotic hustle and bustle will probably also be chalked up to the "transition."

Two years later none of the bloody mysteries of the revolution has been cleared up. We were not told why Romanians shot at Romanians; on the other hand, some of those whose duty it was to tell us but evaded it, are trying to pin patriotic motives on the murderers. Consequently, all kinds of shameful nonsense continues to be mouthed about the revolution and especially about Timisoara, making the martyrs into suspects and their killers into good patriots. True, there have been other attempts to trivialize the revolution. It has been said that the "youth's revolution" was actually not the revolution of the youth; that among the revolutionaries there were many common law delinquents; or that the "common people" did not fight for ideals in December 1989, but for more prosaic things such as a bit more food and a bit more heat. At one point, the idea was probably to eclipse the prestige of the revolution and thus of the "common people," because that prestige was inconvenient. Moreover, there are also people who have no reason to love the revolution, and hence any detraction is welcome to them. But in the final analysis nothing was as revolting and insulting to all of us as the language, acrid like choking smoke, taken from Ceausescu's "thesis" in the six days when Timisoara confronted Ceausescu by itself. This was no longer a case of mere lying. Nor of the fact that at times a dirty conscience will not stumble even over the dead. The claim that the despair that swept Ceausescu away was allegedly the work of spies infiltrated in Timisoara and the effect of a "Hungarian attack" with "points of application abroad," is an insult to our national pride. It proceeds from the idea, dear to our detractors, that Romanians will endure anything and for any length of time, and that they would have continued to endure, without rebelling, if they had not been "incited." And what is the pursued conclusion? That the dead of December 1989 were some kind of puppets manipulated from the shadows? That their heroism was a bluff, a lie? That the world's enthusiasm for the courage of the Romanian people was based on a fraud? One wonders: How is it possible for Romanians, regardless of their calculations and interests, to soil a Romanian

miracle? At the most, I can understand that the piners for the former regime cannot possibly value the revolution and that they may hate it, but from there to the impudence of besmearing the heroic desperation of December 1989, which crushed the dictatorship and of which the "emanations" took advantage, is a long way that no wrong turn can justify.

[28-29 Dec p 1]

[Text] Something new has emerged at the second anniversary of the revolution. The voices that have long been demanding justice have become more radical, harsher. Serious, downright angry accusations have been heard, some of them leveled at the president. A growing number of people can no longer accept and put up with the trivialization of a painful evidence, namely the fact that after 22 December 1989, too, political crimes were committed, and those responsible for them, instead of being called to account, are enjoying immunity from punishment, just like many of those responsible for the blood shed during the revolution, and are walking about, prospering, pulling ropes, participating in solemn masquerades, thumbing their noses at us, and giving us lessons in patriotism, after which, with faces frozen with reverence, they lay wreaths at the victims' graves, confident that the world is divided into "morons" and "sly dogs."

The state institutions in charge of investigating and punishing the criminals have acted in more than a dubious manner in these two years, seemingly on purpose to maintain the suspicion that the decisionmaking bodies are populated by persons interested (or willing) to organize a veritable conspiracy of silence. And after all, how could such a suspicion not be strengthened to the point of exasperation, when demands have been made in vain for so long to finally shed light on the tragic events of which there has been no scarcity in the postrevolutionary period? Clearly, at some level of the power someone prefers lies and is allowing forgetfulness to do its work. Why? Out of cynicism? Out of incompetence? In order to protect their own skin? In our so-called law-governed state, instead of getting their deserved punishment, criminals are enabled to "erase their traces." So why should we be surprised to find that from many viewpoints the past two years look like an intricate, blood-stained puzzle? And the best answer Mr. Ilescu can think of is to remind us once in a while that the Americans have not found out who killed Kennedy, either!

These are things that no one should dare to challenge. We have lived through a revolution that normally should have ended the madness of murders committed because some people do not think like the power. That did not happen. On the contrary, one day we may discover that the number of political crimes has increased. And not only that of indirect crimes, committed through scorn for the old, the sick, etc. What the president should explain to us is how such a thing was possible, not that the Americans have not solved the mystery of Kennedy's

death! And only after convincingly proving that the power's conscience is clear, only then should the power have the moral right to lay wreaths on the graves of the martyrs and award commemorative medals.

At a recent press conference, the governor of the National Bank said that abroad we are viewed as a "mysterious country" and that that was the reason for the reservations shown by banks and investors. Unfortunately, our "mysteries" have cost human lives. Moreover, exactly like before, the power split the truth in two. The most important part is concocted behind the scenes. The other, mixed with all sorts of ingredients, is served up on the stage and turned into a public show. Ceausescu's trial, too, was a sample. Two years later we learn that already in those days the new power did not think us worthy of knowing the whole truth. Censorship was back in place three days after being officially abolished! But let us return to the suspicions that such duplicity can only exacerbate. A chasm has opened between the power and at least part of the public that only the truth can fill. However many official memorial services may be held on the edge of that chasm, however solemn the official cross signs made at commemorations, this chasm continues to bleed like a mortal wound. It cannot be filled either with wreaths, or with big words, or with ceremonial prayers, especially since some of the gentlemen bowing over the graves are known for a fact to have loudly claimed on 21 December 1989 that the demonstrators were "hooligans."

Unfortunately, the power tried a second time to use commemorative medals and wreaths in order to settle what cannot be settled by such means. Small wonder that it failed. Many of the December 1989 fighters felt insulted by the official hypocrisy and reacted to it. They accused those seated at the head of the table of being not "emanations," but profiteers of the revolution and of having stolen the victory of the common people from the shadows. Do Ion Iliescu and the others really imagine that national accord will be achieved without justice? Does anyone imagine that after everything that happened the despair can be eased with yet another festivity? Such an illusion is sad and dangerous. In fact, it is becoming increasingly clear that only truth can relax the tension. First of all, the truth about the dead and their murders. For two years the power had been trying to appear reverend at memorial occasions. For two years a pious comedy has been staged in cemeteries and at various monuments. And for two years the power has been desecrating the graves of the heroes, preventing the truth about their death from being found out and the criminals from being punished by law. This situation cannot continue without the risk, for the power, of turning the attempts at hushing up into a proof of guilt.

LADO President Analyzes Human Rights Situation

*92BA0324B Bucharest TINERETUL LIBER
in Romanian 21-22 Dec 91 pp 1, 5*

[Interview with Nicolae Stefanescu-Drăganesti, chairman of the Human Rights Defense League, LADO,

by Mircea Florin Sandru; place and date not given: "Human Rights Frequently Violated Even While We Claim To Live in a Democratic Society"]

[Text] [Sandru] I suggest we begin our discussion with a presentation of your organization's activities.

[Stefanescu-Drăganesti] These days it will be two years since we founded our league, which was officially recognized on 1 January 1990. Its appearance among the landscape of groups that emerged immediately after the events of December 1989 was an absolute necessity. The communist, totalitarian society was par excellence a system of social organization in which the human rights were systematically ignored and brutally violated. Now, in the new social-political context, the need was felt for an organization to militate for respect for those rights. I can say that we operated almost nonstop from the date of our establishment, because a very large number of people come to us from throughout the country to complain that even now, when we claim to live in a democratic society, human rights are still frequently violated. But the coin has still another side. I can tell you for a fact that 80 percent of the country's population is not aware of its rights and is consequently doing nothing to defend them.

[Sandru] In other words, the Romanian citizen does not know his rights. Why is that?

[Stefanescu-Drăganesti] Here the situation becomes more complex. The Universal Human Rights Declaration [UHRD] was signed in 1948; the Human Rights Acts were adopted in 1966; the Final Act of Helsinki in 1975; then came Vienna, and so forth. During the period of communist dictatorship those documents were not known by the large public in Romania. I, myself, despite being an attorney and a member of the collegium of lawyers, was unable to acquire them, because the dictatorship had included them in the category of "secret" documents. After the events of December 1989 there were attempts to do something. Some newspapers carried the UHRD in full or abridged versions, but only once in two years. We, too, took steps to circulate those documents, especially the UHRD, because that was the fundamental charter in the area. With the help of our branches we circulated about 130,000 copies throughout the country. Not enough for 23 or 24 millions Romanians. There should be at least one copy for each family. Generally speaking, the mass media should do more to help people know their rights and, of course, to defend them.

[Sandru] By appealing to the judiciary if necessary.

[Stefanescu-Drăganesti] As you well know, in the West no one takes a step without a lawyer and a physician. While in our country physicians' honoraria are still low and I would say we can still afford to have a family doctor, when it comes to lawyers the situation is more difficult. Lawyers' fees have been "liberalized" and may at times be as high as two to three average worker's salaries. In those conditions, how can one still have a

family lawyer? That's precisely why we decided to establish an institution, affiliated with the League, to provide legal consultations. We will have the support of the International Law Group in this endeavor, which intends to establish a free law office in Bucharest, made up of Romanian jurists willing to volunteer their services for its activities.

[Sandru] What human rights are currently most frequently violated in Romania?

[Stefanescu-Drăganesti] The most frequently violated are economic rights. The living standard of the average Romanian is below any criticism. Salaries and pensions are miserable, while prices have increased seven, eight, or even 10 times over. People come to us at the League to notify us. The housing problem is extremely serious and we don't see a solution to it in the coming five years. Young families are the most disadvantaged. Heating conditions are causing despair and brutishness. We've been told about cases of people who committed suicide; elderly people hurled themselves from the balconies or bridges between buildings of apartment houses because they could no longer stand the cold in their apartments. Never before was the heating situation in Romania so bad.

In the area of civil rights we receive many reports concerning violations of the land law. We had information that in some counties peasants refused to carry out seasonal work because they weren't issued property titles. They are afraid that they will do the work and tomorrow, because of some dispute concerning the plots of land in question, they won't have possession of them. Another "hot" area is that of arrests. People are still arrested and later offered apologies for having been

arrested. Journalists on mission are still being hit. Moreover, the material conditions in which the press sometimes operates acts as a genuine means of economic censorship.

[Sandru] When you are notified about human rights violations in Romania, what "lines of attack" are open to you?

[Stefanescu-Drăganesti] In compliance with the instructions we received both from the Human Rights Committee and the Human Rights Commission of the European Council—although we are not yet members of the Council, the Commission is working—we have to check two things simultaneously. First, whether all the lines of attack—administrative, judiciary, up to government level, and up to extraordinary appeal—have been tried. Then we check that the period since the latest notification was not longer than six months. On the basis of those acts, we write to the government, Parliament, the ministers involved, and the press. If we find no receptiveness, we send reports abroad. We have relations with over 60 foreign organizations.

[Sandru] What kind of receptiveness is the government showing?

[Stefanescu-Drăganesti] We have met with almost all the members of the former cabinet, except Mr. Roman, who said he had no time for LADO. Then came the Stolojan government. We have already gotten in touch with several ministers and we hope to be in contact with most of the government members. For a month we have been trying to meet with Mr. Stolojan, but it has been impossible. We sent a letter and we talked to one of his advisers, who told us that Mr. Stolojan didn't have time for LADO.

Provocation of Croatian Guards in Dubrovnik Area

*92BA0267B Belgrade NARODNA ARMIJA
in Serbo-Croatian 11 Dec 91 p 4*

[Article by I. Markovic: "Stone Walls Step Forward, Others Step Back"]

[Text] The stone walls of Dubrovnik are again at the center of attention. Europe is showing once again its marked concern as far as bare stones are concerned. However, when the bare lives of soldiers of the JNA [Yugoslav People's Army] are involved, Europe's vision and feeling seem not to react. But if we uncover a bit that civilized and cultured interest in the immeasurable value of Dubrovnik's architecture, we see that Europe is hiding beneath its skirts an abundance of clear political and military interests which have no room for the truth about the most recent massacres of the Serbian population in the vicinity of Daruvar, nor for the constant violations of the truce by Croatian paramilitary forces, nor for the continued and stubborn blockade of garrisons and other military facilities of the JNA, which is in hypocritical defiance of all the agreements and demands of the authorized foreign observers and negotiators. The most recent reports from military commands speak about all of this.

The Croatian Supreme Command Is Sacrificing Dubrovnik

The Press Center of the 2d Operational Group of the JNA in Trebinje communicated the following in Trebinje on 6 December concerning the most recent war-political games around Dubrovnik:

Immediately after midnight on 6 December 1991, Croatian armed structures opened fire on positions of JNA units with telescopic rifles, machine guns, bazookas, and artillery guns. The fire was particularly strong in the areas of Srdj, Lapad, and Sustjepan.

The JNA respected the agreed cease-fire until the lives of people in positions were essentially threatened, and at 0650 hours there were armed structures. After measures to provide security to personnel, JNA units ceased fire, although fire was still opened on them, especially in the vicinity of Lokrum.

JNA forces did not open fire on the old section of Dubrovnik, although actions were conducted against them from that area, especially from the municipal port of the old city.

It is obvious that the Croatian Supreme Command has resorted to the dirty method of achieving a propaganda impact in order to discredit efforts made up to now to resolve the issue of Dubrovnik and to arouse the public and strengthen the anti-Army campaign, presenting Dubrovnik as a victim. It can thus be asserted with confidence that the Croatian armed units are intentionally destroying the stone walls of the old city.

The JNA has been pointing out to the mission of the European Community the high probability of that turn of events.

It is symptomatic that the so-called protest which the Dubrovnik Crisis Command Center today sent to the Command of the 2d Operational Group states that an Orthodox church in the old city is burning, in addition to the five houses which have been damaged.

Battles Around Srdj

In that same connection, the news service of the VPS [Naval Sector] of Boka issued a communication with the following content on Friday, 6 December:

Following yesterday's talks between representatives of the JNA and representatives of the government of the Republic of Croatia in Cavtat and the agreement reached concerning the unconditional cease-fire, which units of the JNA have been consistently respecting, paramilitary formations in Dubrovnik Opstina have not respected that agreement, but have continued provocations and attacks on our units.

Following their mutual armed showdowns in Dubrovnik, in the afternoon and evening hours of 5 December, they continued to open fire on the positions of our units. In the morning hours of 6 December, the enemy, from positions on the fortress of Srdj, carried out an attack with all weapons against the positions of our units at Strincijera, Bosanka, and Zarkovica. Since 0600 hours, the enemy has been operating with mortars and artillery guns from Lapad, Babin Kuk, the Solitud, the Libertas, the Neptun, and from the old port.

Following these attacks and the wounding of two of our soldiers on the Strincijera fortress, JNA units were forced to respond and silence with effective fire the enemy on the Srdj fortress, who from that position has been provoking and attacking our units on a daily basis.

At 1000 hours, following fierce battles, our unit took the Srdj fortress, and battles are still being waged around it with remnants of the enemy.

Because of this incident, the negotiators of the Republic of Croatia called for a cease-fire, which the Command of the VPS accepted.

Nor did the enemy respect this truce, but continued to open fire on our units on Srdj.

One soldier was killed by a mine in the battles on Srdj, and four soldiers were slightly wounded, while the enemy suffered large losses.

The HOS Against the HDZ

Vice Admiral Miodrag Jokic, commander of the Boka VPS, also spoke about the problems around Dubrovnik in a press conference held on Sunday, 8 December, in Herceg-Novi in which he first of all announced that the

previous day a new truce, the 16th, had been signed concerning complete cessation of fire in the region from Ston to Dubrovnik.

Adm. Jokic, explaining the incidence in Dubrovnik and vicinity over the last two days, said that fire had been opened on JNA units from the city itself.

The commander of the Naval Sector explained that units of the JNA had moved to neutralize the fire from Srdj. At the moment when the soldiers reached the upper plateau on Srdj, mortar fire, and indeed even fire from cannons, was opened on them from all points in the city. Three soldiers were killed.

Afterward, the Croatian side demanded that fire be ceased, which was done. The JNA withdrew forces from Srdj, but the destruction and fires in Dubrovnik continued. According to Jokic, this confirms that battles were being waged within the city itself between units of the HDZ [Croatian Democratic Community] and the so-called HOS [military arm of the Croatian Rights Party].

Adm. Jokic also said in the press conference today that the Croatian side had not accepted the proposal for demilitarization of Dubrovnik, giving as its reason that it was unacceptable for it to recognize a second serious defeat in a relatively short period of time.

Nevertheless, during the last 24 hours 21 Croatian mercenaries who are not from that city, but took part in the fight for Dubrovnik, have left the city.

In yesterday's negotiations, a request was presented to the Croatian side, Adm. Jokic said, that it withdraw from the front lines extremists whose clear objective is to constantly provoke units of the JNA.

The agreement signed yesterday envisaged that communications would be reestablished between the city and islands, and also that merchant vessels would be allowed to enter the port with prior notification and Army inspection of the cargo in the port of Gruz. The Army will also make it possible to repair the power and water supply systems so that the city gets power and water, Adm. Jokic said in conclusion.

Lipik the Scene of a Conflict

Battles continued on the West Slavonian front during 7 December, and Lipik continues to be a hot spot for skirmishes. The first attack in strength of the Croatian secessionists was recorded at 1050 hours in the vicinity of the village Brestaca, northwest of Novska, with artillery fire. The fire was returned.

At the same time, a regrouping of members of the MUP [Ministry of Internal Affairs] and the National Guard Corps [ZNG] was noticed in the extended area of Lipik, Pakrac, and Nova Gradiska, which, in the assessment of the Command of the Banja Luka Corps, suggests new

skirmishes during the day. New battles are also anticipated because about 300 members of the Croatian paramilitary forces are completely surrounded near Lipik.

At 1300 hours, Croatian paramilitary forces opened a strong mortar fire from the village of Kricke, northwest of Lipik, artillery fire from the village Klisa, north of Lipik, and multibarrel rocket launchers from the direction of Novska.

In connection with HINA [Croatian News Agency] about losses of the JNA near Lipik, the Command of the Banja Luka Corps reports that its units have had only two soldiers lightly wounded in the last two days. They also recall that in the last 48 hours the Croatian secessionists have lost 12 tanks, one armored combat vehicle, one personnel carrier, and a large number of personnel in the West Slavonian theater.

The Command of the Banja Luka Corps stresses yesterday's strict warning that units of the Banja Luka Corps will deal fiercely with the Croatian side if it continues to intensify actions contrary to the truce signed 23 November in Geneva.

Bosnia of Crucial Importance to Defense Industry

*92BA0380A Belgrade VREME in Serbo-Croatian
21 Oct 91 pp 24-25*

[Article by M.V.: "Defense Industry: Withdrawal From Bosnia"]

[Text] The loss of Slovene and Croatian plants in the defense industry, in the judgment of experts in this field, did not essentially threaten the potential of the JNA [Yugoslav People's Army]: The possibilities for substitution with production elsewhere (Serbia) or through imports (as long as the money lasts, if there is any) are meeting the needs in some fashion. But the loss of Bosnia-Herzegovina [B-H] will mean a serious crisis in supplying the Army with weapons, spare parts, and, in general, supplies of vital importance. It must also be said that the assessment given at the outset is doubtful: It is difficult to imagine replacement for the products of TAM in Maribor (trucks, armored vehicles, and so on); the "Jozef Stefan" Institute in Ljubljana; "Rudjer Boskovic" in Zagreb; "Iskra" in Kranj; "Sava" in Kranj; "Djuro Djakovic" in Slavonski Brod, and so on. But, be that as it may.

Bosnia, however, is a quite different case for two reasons: First, certain irreplaceable and key plants of the defense industry are located there; second, most of those plants are located in areas which are not within the predominantly Serb opstinas and regions. Both circumstances give to the terrain of B-H an importance that exceeds the scale of day-to-day politics and casts an altogether different light on them. That is, the strategic lines of the RAM plan (all the Serbs in one state) and the project of Expanded Serbia, when applied to the Bosnia-Herzegovina context, appear differently in that light. After all, applying the Croatian (Knin-Slavonia) scenario

in Bosnia-Herzegovina involves risks which, as far as the Army and its survival as a political force are concerned, are barely permissible, if permissible at all. And that scenario (initiated by proclaiming the "autonomies" and with the offensive on Dubrovnik, with the practical annexation of certain opstinas to Knin and Montenegro) cannot be stopped or slowed down without eating crow. Defense industry experts say that the sudden loss of plants in Bosnia-Herzegovina would represent a serious problem for the JNA; in combination with the curtailment of Soviet petroleum and spare parts (which can be imagined), that would almost be the end. Novi Travnik (tanks and so on, artillery and so on), Bugojno (weapons components), Vitez (explosives), Gorazde (gunpowder, ammunition), Maglaj (gunpowder, explosives), Konjic (an important part of ammunition production), FAP-Famos (motors, transmissions, vehicles), Mostar (aluminum; practically all the aircraft), and many other factories are absolutely essential to the normal "combat readiness" of the JNA. Reserves, it is assumed, do exist: The question is for how long a period they will be sufficient. Consumption of spare parts and ammunition increases dramatically in wartime, and the JNA's logistical capabilities are already displaying problems and weaknesses. The chain of events which has already been witnessed in Slovenia and Croatia, especially if it is speeded up, could in Bosnia-Herzegovina cause a paralysis of supply to the Army of vital supplies to continue the war. With a bit of patience and low casualties and with a strong political will (which is not lacking), Bosnia-Herzegovina could bring the Army to its knees: by logistical (with respect to supply) and tactical denial of areas from which operations are being launched. Without "Soko" in Mostar, the air force has serious problems, especially if the USSR and Europe cut off substitution of parts and aircraft, for example. If the Army is denied the territory of the Sava Valley, Bihac, Livanjsko Polje, and western Herzegovina (which is easier than it appears), this will be a great relief to Croatia. And if the Slovenian-Croatian tactics of surrounding garrisons and units and disarming them should be applied in Bosnia-Herzegovina (wherever possible), the situation could change drastically. That is why Bosnia-Herzegovina is an incomparably hotter potato than anyone has been able to acknowledge up to now (except Mr. Izetbegovic, who is wisely keeping silent). However firm the footing of the entire tale of the RAM plan, its application to Bosnia-Herzegovina involves problems that the JNA could easily find insurmountable. Their choice could take the form of a choice between Izetbegovic (status quo of the defense industry) and Karadzic (total chaos with poor prospects), especially because war in Bosnia-Herzegovina would seriously threaten even that bit of tactical advantage which the JNA has in the war in Croatia.

At this point the JNA is treating this problem in keeping with the tactics of the RAM plan up to now: Slow withdrawal of the most delicate resources from Bosnia-Herzegovina is beginning. The original technical documentation of the defense industry is being transferred on

a large scale, and only copies necessary for the current production process are being left in the plants. According to one source, "the military mind is being moved to this side of Yalta," whatever "Yalta" is supposed to mean in this context. However, it will be very difficult to move the qualified personnel from the plants, still more difficult the specialized tools, and most difficult to build those same plants "on this side of Yalta."

Osijek Fighter Criticizes Croatian Press

92BA0288A Zagreb DANAS in Serbo-Croatian
10 Dec 91 p 37

[Article by Ramiz Mehulic: "Vukovar Is Far Away"]

[Text] The Vukovar tragedy is inevitable in the stories of all those who have remained in Osijek—women, children, and fighters. Vukovar, they feel, is something that "will not happen" to them. The cannonade from the guns, tanks, and mortars hardly ever ceases even for a moment, and there is no question about targets being chosen selectively. The cathedral has been hit in several places, the hospital is under constant attack (the new surgical department received a direct hit during our visit), the windows of the hotels broken long ago have been replaced with plywood and plastic film, on the streets you can see what is left of automobiles that have been hit, there are craters in former parking lots, apartment buildings have been utterly destroyed, especially in the southern section of the city....

Newsmen, You Are Lying

Only those driven by an urgent need come out of the shelters, and at night almost no one except members of the National Guard Corps [ZNG] and MUP [Ministry of Internal Affairs] of the Republic of Croatia. The decree on complete blackout and curfew from 2300 to 0500 hours is still in effect. Medicine cannot be obtained without a prescription, there is no juice or milk in stores, you can get bread only in the morning. There is also considerably less soap and other articles for hygiene on the shelves. But in spite of everything, the people of Osijek say: "We will defend ourselves, Osijek will not fall!" That is what you meet at every step. The children already know—they make the sign of victory with their fingers in front of foreign news photographers, their mothers weep and utter curses, their fathers and older brothers mainly keep silent, but when they speak, their words and their stories can be reduced to this: "Osijek will not fall!"

"Do not take my picture and do not ask me my name, all those who have had their picture taken and who are presented as some kind of heroes have ended up traitors and cowards. Kosovites, that is what Tudjman calls them. I am telling you only that we here will hold out whether Zagreb helps us or not. I am a Bosnian, you see, my father-in-law and mother-in-law are here, I sent my wife and children to be safe with her people in Bosnia, but these people here will not go. They refuse to go,

everything they own has been destroyed, there in the south, you know, that is where it is worst, but still they want to stay. The old man reported for civil defense, and I came here, screw it, to take care of them, and I myself lived in Osijek for a long time, I know everyone here, and it just does not seem right for me to leave them here now. So far everything has been all right with the supply, you know, we have ammunition. That is the most important thing, but it would be good if we had more artillery. The fact that we are sitting here in a coffeehouse does not mean that we have a lot of free time, because there is constant firing here, but we take advantage of some of the brief lulls and rare replacements to drink beer.

"You newspapermen are making it much more difficult for us. You lie, brothers, you lie a lot! You think I do not know why? You probably think that you are helping us that way? Whether we win or lose, you always write that we are winning, which cannot be. Likewise, when we get aid or do not get aid: You always write that those people in Zagreb are paying every attention to us on the battlefield, which is not so. It could be a lot better. They are getting ammunition and food to us, that is true; however, our people are running away from here, and no one is bringing them back. Do the people of Osijek think that Bosnians and Hercegovinians are going to defend their city for them? They are constantly saying that Osijek will not fall. It won't, that is true, but that will be to our credit, not theirs. To us who are fighting here. They could at least provide a safer road to Zagreb, that would mean a great deal to us, and all communications would be facilitated in that way."

In the hospital, they led us through rooms with the wounded. Differing ages, differing allegiances, women and boy-soldiers badly wounded, without limbs, some with bandages over their eyes, mixed with civilians who had been wounded at work, in the toilet, on a city square, in their cars, on the street, in bed—all seem equally helpless. They are accommodated in the basement rooms, and it is, of course, impossible to provide them adequate care under these conditions. I look at them and I feel guilty, I feel guilty for being intact, all in one piece, while they, my contemporaries, are missing fingers, feet, arms, eyes. I do not know how I ought to talk to them, none of us knows that. I make myself sick when I approach them with morbid sentimentality, and equally when I try to be normal. Some of them are to be moved to Zagreb soon. They ask how it is "there," how they will be received, where they will be accommodated, what will happen to their families? I offer them no answer, I sigh and shrug my shoulders as though I do not know. I do know, I spent several days with people from Vukovar, realizing with horror that they were actually on their own, that everything around was only feathers and cheap decor. Should I tell them when they ask what will happen to their families that refugees from Vukovar were almost thrown out onto the street from the Hotel Dubrovnik the day after they arrived?

The Vultures Are Happy

In Osijek, almost the entire population, the male portion, is under arms. All military registrants have been included in the defense system. A minor portion of them are active in civil defense. We have been trying to find a friend, commander of a student unit, a former deputy in the Assembly. It is impossible, of course. "Somewhere in the field." It is impossible to find normal accommodations in Osijek. There is no water or heat in the hotels, the windows are without glass, but at the same time the price is just as high as before the war. We settled in one of the shelters, among people from the southern section of the city. We have nothing—in five minutes, they found us covers and three empty beds. Again sad stories, tears, and fear. The shelter is in an underground passageway, right next to the press club, where the newsmen are retelling the events of the day. In the tavern, the fighters are diversely dressed, many have pieces of civilian clothing, they are sitting in the company of heavily-made-up women.

They expect the fire to cease the next day, Cyrus Vance is coming with his entourage. "The Serbs know when to fire," they said in the patrol; they were the ones who told us about the American's arrival. As a matter of fact, there really was no major violence the next day. There was strong security in front of the opcina building, people collected in little groups viewed what was happening with curiosity.

One woman in a Guards uniform was holding the hand of a little girl who had a badge pinned to her jacket saying "Osijek Will Never Be Ocek!" Vance, the "well informed" say, asked to speak with Kramaric with no newsmen present, and the latter immediately left the opcina building.

We set out in the direction of Bosnia, the vicinity of Djakovo is not peaceful, there are no European observers there. Just before the bridge at Samac there was a long snaking line of trucks and automobiles. We talked with two truck drivers from Doboj, exceedingly happy about the business they had transacted in Osijek. The profit exceeded all their expectations. Vultures. Even though they were still in Croatia, they had the courage to curse the Ustashi and all their screwing around.

"I did not go into Osijek. Screw it, if they want the goods, let them come for them. That is the way I will always do it from now on. If they want to wage war, let them have it." He asked me if I had had problems? "No, I didn't," I said. "And where are you from?" he asked me quite openly. "From Banja Luka." That is fine, I see, he nods his head, as though we belonged together. After two hours of waiting we crossed to the Bosnian side. That same evening they report on television that that sole connection between Bosnia and Hercegovina has been blocked again. The bridge is closed.

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